JSC Georgia Capital and Subsidiaries
Consolidated Financial Statements

31 December 2022

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To the Shareholder and Management of JSC Georgia Capital

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of JSC Georgia Capital (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

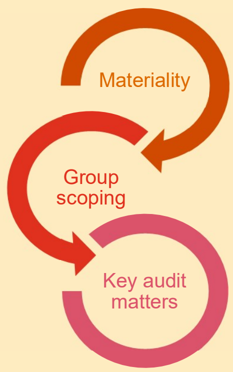
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall Group materiality: GEL 27,951 thousand, which represents 1% of Group's net assets.
- We conducted audit work at JSC Georgia Capital level. Consolidated subsidiaries were assessed as non-significant components.
- Audit matter which was of most significance in the audit of the consolidated financial statements is:

  Valuation of equity investments using unobservable inputs.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	GEL 27,951 thousand
How we determined it	1% of net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, given that JSC Georgia Capital meets the investment entity definition under IFRS 10 and therefore measures its investments at fair value, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements. We chose 1% which is consistent with quantitative materiality thresholds used for companies where net assets is considered as a key metric.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of equity investments using unobservable inputs The equity investments at fair value balance presented in the Consolidated Statement of Financial Position includes equity investments valued using unobservable inputs. In valuing the investment portfolio using unobservable inputs, key assumptions include discount rates, future growth projections, control premia and illiquidity discounts. The inputs in the earnings multiples models include unobservable data, such as forecast earnings for the investments. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant investments and the discount rates applied. The valuation of equity investments using unobservable inputs was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each investment and the expected future cash flows. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual investment valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	We obtained an understanding of management's processes and controls for determining the fair value of equity investments, including understanding management's interactions with management's external experts. We performed the following procedures over the valuation of equity investments using unobservable inputs as at 31 December 2022: ● Held discussions with management and third party valuers to challenge their assumptions and validate inputs used; ● Validated the appropriateness of the fair valuation policies to assess whether they are in accordance with applicable accounting requirements; ● Tested the classification of Level 3 investments to assess whether they were classified appropriately; ● Reviewed valuation methodologies to confirm they are in line with the Group's valuation policies and IFRS requirements; ● Recalculated the valuation models from their Excel formula to assess mathematical accuracy; ● Assessed the appropriateness of any unobservable inputs or significant estimates used in valuations, including benchmarking against publicly available information where available, and obtained corroborative evidence; and ● Validated ownership and other interests held through regulatory data, sale and purchase agreements or other third-party reports. In addition, given the inherent subjectivity involved in the valuation of the equity investments using unobservable inputs, and therefore the need for specialised market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts to assist us in our audit of this area.

Key audit matter	How our audit addressed the key audit matter
	Our internal valuation experts performed the following procedures on a sample of investments: ● Obtained and read the valuation reports drafted by management's external experts for each asset in the sample; ● Discussed with management's external experts and management their rationale for the valuations; ● Reviewed and assessed the reasonableness of the valuation approaches and methodologies for compliance with the relevant industry best practice and IFRS; ● Reviewed certain key inputs and assumptions, including discount rates, long term growth rates, terminal value assumptions and comparable company multiples as at 31 December 2022; and ● Reported their findings to the audit team for overall considerations and conclusions. We considered the appropriateness and adequacy of the disclosures around the estimation uncertainty and sensitivities on the accounting estimates.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's activities are primarily carried out in Georgia. The Group's business activities comprise of 5 segments for which it manages and reports its operating results and financial position, namely listed and observable portfolio companies, private large portfolio companies, private investment stage portfolio companies, private other portfolio companies, and corporate centre.

JSC Georgia Capital is the largest and the only significant component of the Group. Its main operations are buying, building and developing businesses in Georgia and it identifies itself as an investment entity. It comprises over 99% of the Group's net assets. Other components of the Group do not represent an investment entity and provides excess liquidity and share based payments scheme management services related to the Group's investment activities.

Our audit approach and team was also designed to reflect the structure of the Group. Based on the procedures we performed over the single material component our audit scoping/coverage accounted for over 99% of the net assets of the Group.

Other information

Management is responsible for the other information. The other information comprises the Management Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the Management Report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the Management Report is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

In addition, we are required by the Law of Georgia on Accounting, Reporting and Auditing to express an opinion whether certain parts of the Management Report comply with respective regulatory normative acts and to consider whether the Management Report includes the information required by the Law of Georgia on Accounting, Reporting and Auditing.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements;
- the information given in the Management Report complies with the requirements of paragraph 6 of article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers Georgia LLC

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

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

Tbilisi, Georgia
23 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

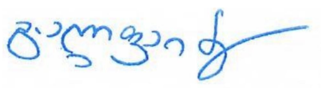
(Thousands of Georgian Lari)

	Note	*31 December 2022*	*31 December 2021*
Assets			
Cash and cash equivalents	6	199,771	89,714
Amounts due from credit institutions	7	16,278	35,667
Marketable securities	8	25,445	79,716
Investment in redeemable securities	8	12,631	17,849
Accounts receivable		109	96
Prepayments		610	680
Loans issued	9	26,830	154,214
Property and equipment		391	410
Intangible assets		109	84
Other assets		1,132	7,205
Equity investments at fair value	10	3,198,627	3,616,231
Total assets		**3,481,933**	**4,001,866**
Liabilities			
Accounts payable		917	839
Debt securities issued	11	681,067	1,095,433
Other liabilities		4,889	24,221
Total liabilities		**686,873**	**1,120,493**
Equity			
Share capital	12	12,877	13,286
Additional paid-in capital		523,760	624,186
Treasury shares	12	(960)	(940)
Other reserves		(439)	(367)
Retained earnings		2,259,822	2,245,208
Total equity		**2,795,060**	**2,881,373**
Total liabilities and equity		**3,481,933**	**4,001,866**

Signed and authorised for release on behalf of the Management by:

Irakli Gilauri Chief Executive Officer

Giorgi Alpaidze Chief Financial Officer



23 March 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

(Thousands of Georgian Lari)

	Note	2022	2021
(Losses)/gains on investments at fair value	10	(69,252)	682,074
Listed and Observable Investments		*155,435*	*149,628*
Private Investments		*(224,687)*	*532,446*
Dividend income	10	93,875	74,362
Transaction costs	17	-	(19,058)
Interest income at effective interest rate method		19,942	15,175
Other interest income		12,087	6,979
Gain on derecognition of liability	11	9,907	-
Net losses from investment securities measured at FVPL		(10,801)	(1,611)
Net realised (losses)/gains from investment securities measured at FVOCI		(1,750)	91
Other income		42	56
Gross investment profit		**54,050**	**758,068**
Salaries and other employee benefits	13	(25,843)	(22,413)
Depreciation and amortisation		(635)	(567)
Other administrative expenses	13	(6,797)	(5,357)
Interest expense	11	(59,763)	(76,406)
(Loss)/profit before provisions, foreign exchange and non-recurring items		**(38,988)**	**653,325**
Expected credit loss reversal/(charge)	14	380	(96)
Net foreign currency gain		58,116	39,933
Loss on derivative financial assets		(4,507)	-
Non-recurring expense		(387)	(785)
Profit before income taxes		**14,614**	**692,377**
Income tax		-	-
Profit for the year		**14,614**	**692,377**

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Thousands of Georgian Lari)

	Note	*2022*	*2021*
Profit for the period		**14,614**	**692,377**
Other comprehensive (loss)/income			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Changes in the fair value of debt instruments at FVOCI		(1,822)	468
Realised loss/(gain) on financial assets measured at FVOCI reclassified to the consolidated income statement		1,750	(91)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		**(72)**	**377**
Other comprehensive(loss)/income for the period, net of tax		**(72)**	**377**
Total comprehensive income for the year		**14,542**	**692,754**

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital*	*Treasury Shares*	*Other reserves*	*Retained earnings*	*Total*
1 January 2022	**13,286**	**624,186**	**(940)**	**(367)**	**2,245,208**	**2,881,373**
Profit for the year	-	-	-	-	14,614	14,614
Other comprehensive loss for the year	-	-	-	(72)	-	(72)
Total comprehensive profit for the year	**-**	**-**	**-**	**(72)**	**14,614**	**14,542**
Increase in equity arising from share-based payments (Note 15)	-	20,794	-	-	-	20,794
Capital reduction (Note 12)*	(409)	(86,829)	-	-	-	(87,238)
Acquisition of treasury shares under share-based payment plan (Note 12)	-	(34,391)	(20)	-	-	(34,411)
31 December 2022	**12,877**	**523,760**	**(960)**	**(439)**	**2,259,822**	**2,795,060**

	Share capital	*Additional paid-in capital*	*Treasury Shares*	*Other reserves*	*Retained earnings*	*Total*
1 January 2021	**13,391**	**634,271**	**(940)**	**(744)**	**1,567,312**	**2,213,290**
Profit for the year	-	-	-	-	692,377	692,377
Other comprehensive income for the year	-	-	-	377	-	377
Total comprehensive income for the year	**-**	**-**	**-**	**377**	**692,377**	**692,754**
Increase in equity arising from share-based payment (Note 15)	-	18,452	-	-	-	18,452
Capital reduction (Note 12)*	(105)	(21,574)	-	-	-	(21,679)
Dividend paid to the shareholder**	-	-	-	-	(14,481)	(14,481)
Acquisition of treasury shares under share-based payment plan (Note 12)	-	(6,963)	-	-	-	(6,963)
31 December 2021	**13,286**	**624,186**	**(940)**	**(367)**	**2,245,208**	**2,881,373**

** During 2022 the parent company, GCAP PLC, received GEL 87,238 (2021: GEL 21,679) in the form of capital redemption from JSC GCAP, of which GEL 87,238 (2021: GEL 21,679) was paid in cash.*
*** During 2022 JSC Georgia Capital paid dividend of GEL nil to its 100% shareholder, GCAP PLC (2021: 14,481, GEL 1.1633 per share).*

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(Thousands of Georgian Lari)

	Note	*2022*	*2021*
Cash flows from operating activities			
Dividends received	10	93,875	74,362
Salaries and other employee benefits paid		(10,555)	(7,967)
Other administrative expenses paid		(6,797)	(5,162)
Interest income received		24,331	13,627
Net change in operating assets and liabilities		(385)	(220)
Net cash flows from operating activities before income tax		**100,469**	**74,640**
Income tax paid		-	-
Net Cash flow from operating activities		**100,469**	**74,640**
Cash flows from investing activities			
Net withdrawal of amounts due from credit institutions		16,210	1,135
Loans issued	9	(281,660)	(52,315)
Loans repaid		227,896	1,857
Proceeds from sale of shares in portfolio companies	10	548,118	-
Transaction costs incurred in relation to sale of share in existing equity investment		(19,325)	(1,317)
Increase of equity investments	10	(25,999)	(18,296)
Purchase of marketable securities		(102,660)	(104,129)
Proceeds from sale and redemption of marketable securities		131,723	30,758
Investment in redeemable securities		-	(18,648)
Purchase of property and equipment		(236)	(131)
Other investing activities		(3,693)	(1,039)
Net cash flows from/(used in) investing activities		**490,374**	**(162,125)**
Cash flows from financing activities			
Dividend paid to the shareholder		-	(14,481)
Proceeds from debt securities issued	11	-	212,725
Redemption and buyback of debt securities issued	11	(285,797)	(41,575)
Share capital redemption	12	(87,238)	(21,679)
Interest paid		(60,056)	(64,842)
Acquisition of treasury shares under share-based payment plan	12	(34,411)	(6,963)
Cash payments for principal portion of lease liability	11	(359)	(408)
Cash payments for interest portion of the lease liability	11	(40)	(52)
Net cash (used in)/from financing activities		**(467,901)**	**62,725**
Effect of exchange rates changes on cash and cash equivalents		(12,884)	(2,561)
Effect of change in expected credit losses for cash and cash equivalents		(1)	9
Net increase/(decrease) in cash and cash equivalents		**110,057**	**(27,312)**
Cash and cash equivalents, beginning of the year	6	**89,714**	**117,026**
Cash and cash equivalents, end of the year	6	**199,771**	**89,714**

The accompanying notes on pages 6 to 47 are an integral part of these consolidated financial statements.

1. Principal Activities

JSC Georgia Capital ("Georgia Capital", "JSC GCAP", "GCAP", "Company") makes up a group of companies (the "Group"), focused on buying, building and developing businesses in Georgia. The Group currently has the following portfolio businesses (i) a retail (pharmacy) business, (ii) a hospitals business, (iii) an insurance business (P&C and medical insurance); (iv) a clinics and diagnostics business, (v) a renewable energy business (hydro and wind assets) and (vi) an education business; Georgia Capital also holds other small private businesses across different industries in Georgia; a 20% equity stake in the water utility business and a 20.6% (2021: 19.9%) equity stake in LSE premium-listed Bank of Georgia Group PLC ("BoG"), a leading universal bank in Georgia.

JSC Georgia Capital's (Company ID: 404549690) registered legal address is Petre Melikishvili Avenue N8a / Erekle Tatishvili Street N1, Tbilisi Georgia.

JSC Georgia Capital was established on 6 August 2015 as a joint stock company (JSC) under the laws of Georgia. As of 31 December 2022 and 31 December 2021, the Group's ultimate 100% owner was Georgia Capital PLC, a company incorporated in England and listed on the London Stock Exchange.

2. Basis of Preparation

General

The consolidated financial statements of JSC Georgia Capital have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB) and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing.

These financial statements are prepared under the historical cost convention except for financial assets measured at fair value and equity investments held at fair value through profit or loss (FVPL).

The financial statements are presented in thousands of Georgian Lari ("GEL"), except per share amounts or unless otherwise indicated.

Investment entity status

On 31 December 2019 Georgia Capital concluded that it met the definition of investment entity as defined in IFRS 10 *Consolidated Financial Statements*. As per IFRS 10 an investment entity is an entity that:

a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Further details on financial impact of change in investment entity status and underlying significant judgments are provided in notes 3, 4 and 17 respectively.

2. Basis of Preparation (continued)

Going concern

The Supervisory Board of Georgia Capital has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for a period of at least 12 months from the date of approval of the financial statements, i.e. the period ending 31 March 2024. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern for the foreseeable future. Therefore, the financial statements continue to be prepared on a going concern basis.

The Directors have made an assessment of the appropriateness of the going concern basis of preparation and reviewed Georgia Capital's liquidity outlook for the period ending 31 March 2024

On 2 February 2022 Group received USD 180 million (GEL 548 million) cash consideration for disposal of controlling interest in Water Utility business. The Group has a policy to maintain USD 50 million liquid assets buffer at all times (note 16).

The liquidity needs of the Group during the Going Concern review period mainly consist of the coupon payments on JSC GCAP Eurobonds and the operating costs of running the holding companies and capital allocations to its portfolio companies. The liquidity outlook also assumes dividend income from the private portfolio companies (healthcare, pharmacy, renewable business, and insurance) and Bank of Georgia Group PLC. Capital allocations are assumed in relation to investment stage companies (Renewable Energy and Education).

The Directors also considered the maturity of the Eurobonds issued by the Group, which are due in 1Q24. Over the course of 2022, Group repurchased USD 115 million GCAP Eurobonds, of which, USD 65 million notes were cancelled. As of 31 December 2022, outstanding gross balance of Eurobonds issued are USD 300 million, out of which, repurchased and held in treasury are USD 51 million notes. At the reporting date the Group has liquid assets of USD 103 million. The Directors remain confident that given the strong liquidity, Group's track record of proven access to capital, the Group will successfully roll-over the Eurobonds.

The Company has been increasingly assessing climate related risk and opportunities that may be present to the Group. During the going concern period no significant risk has been associated to the Group and portfolio companies that would materially impact their ability to generate sufficient cash and continue as going concern.

Based on the considerations outlined above, management of Georgia Capital concluded that going concern basis of preparation remains appropriate for these financial statements.

(Thousands of Georgian Lari)

2. Basis of Preparation (continued)

Subsidiaries and associates

The direct and indirect subsidiaries and associates of JSC Georgia Capital as at 31 December 2022 and 31 December 2021 are as follows:

Subsidiary Consolidated	Proportion of voting rights and ordinary share capital held 31 December 2022	31 December 2021	Country of incorporation	Address	Industry	Date of incorporation	Date of acquisition
⇒ GCMF, LLC	100.00%	100.00%	Georgia	8a Petre Melikishvili Ave, Tbilisi, 0179	Excess liquidity management company	2/5/2019	–

Subsidiaries at FV	Proportion of voting rights and ordinary share capital held 31 December 2022	31 December 2021	Country of incorporation	Address	Industry	Date of incorporation	Date of acquisition
⇒ JSC Georgia Real Estate	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Real estate	27/9/2006	–
⇒ m2 Group, LLC	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Real estate	17/8/2015	–
⇒ m2 Development, LLC (merged with m2 Group, LLC)	-	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Real estate	12/12/2019	–
⇒ M Square Park, LLC(1)	100.00%	100.00%	Georgia	1 Marshal Gelovani ave., Tbilisi	Real estate	15/9/2015	–
⇒ M square Park 3, LLC	100.00%	-	Georgia	1 Marshal Gelovani ave., Tbilisi	Real estate	25/5/2022	–
⇒ M square Park 4, LLC	100.00%	-	Georgia	1 Marshal Gelovani ave., Tbilisi	Real estate	25/5/2022	–
⇒ M square Park X, LLC	100.00%	-	Georgia	1 Marshal Gelovani ave., Tbilisi	Real estate	23/06/2022	–
⇒ Optima Saburtalo, LLC(1)	100.00%	100.00%	Georgia	2 Mikheil Shavishvili st, Tbilisi	Real estate	15/9/2015	–
⇒ Land, LLC(1)	100.00%	100.00%	Georgia	Between university and Kavtaradze st.,Tbilisi	Real estate	3/10/2014	–
⇒ m2 at Nutsubidze 2, LLC(1)	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Real estate	24/1/2020	–
⇒ m2 at Hippodrome, LLC(1)	100.00%	100.00%	Georgia	10 Givi Kartozia st., Tbilisi	Real estate	6/7/2015	–
⇒ Optima ISANI, LLC (merged with m2 at Hippodrome, LLC)	-	100.00%	Georgia	14 a Moscow ave., Tbilisi	Real estate	25/7/2014	–
⇒ Tamarashvili 13, LLC (merged with m2 at Hippodrome, LLC)	-	100.00%	Georgia	13 Tamarashvili Str., Tbilisi, 0179	Real estate	3/11/2011	–
⇒ m2 Skyline, LLC (merged with m2 at Hippodrome, LLC)	-	100.00%	Georgia	3 Maro Makashvili st., Tbilisi	Real estate	24/7/2015	–
⇒ m2 at Kazbegi, LLC (merged with m2 at Hippodrome, LLC)	-	100.00%	Georgia	25 Kazbegi Ave., Tbilisi, 0160	Real estate	21/5/2013	–
⇒ m2 at Tamarashvili, LLC (merged with m2 at Hippodrome, LLC)	-	100.00%	Georgia	6 Tamarashvili Str., Tbilisi, 0177	Real estate	21/5/2013	–
⇒ m2 at Nutsubidze, LLC (merged with m2 at Hippodrome, LLC)	-	100.00%	Georgia	82 Shalva Nutsubidze Str., Tbilisi, Georgia	Real estate	21/5/2013	–
⇒ m2 at Chavchavadze, LLC (merged with m2 at Hippodrome, LLC)	-	100.00%	Georgia	50 I. Chavchavadze Ave., Tbilisi	Real estate	5/9/2016	–
⇒ Optima, LLC	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Real estate	3/8/2016	–
⇒ m2 Maintenance, LLC	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Real estate	20/7/2021	–
⇒ m2 at Mtatsminda Park, LLC	100.00%	100.00%	Georgia	10 Givi Kartozia st., Tbilisi	Real estate	31/12/2021	–
⇒ Georgia Real Estate Management Group, LLC	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Hospitality	17/8/2015	–
⇒ Amber Group, LLC (merged with Georgia Real Estate Management Group, LLC)	-	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Hospitality	10/12/2019	–
⇒ Kakheti Wine and Spa, LLC(2)	100.00%	100.00%	Georgia	80 Aghmashenebeli ave., Tbilisi, 0102	Hospitality	23/04/2018	–
⇒ Gudauri Lodge, LLC(2)	100.00%	100.00%	Georgia	80 Aghmashenebeli ave., Tbilisi, 0102	Hospitality	24/04/2018	–
⇒ m2 Svaneti, LLC(2)	100.00%	100.00%	Georgia	80 Aghmashenebeli ave., Tbilisi, 0102	Hospitality	14/11/2018	–
⇒ m2 Hatsvali, LLC(2)	100.00%	100.00%	Georgia	80 Aghmashenebeli ave., Tbilisi, 0102	Hospitality	17/4/2019	–
⇒ m2 Resort,LLC(2)	100.00%	100.00%	Georgia	80 Aghmashenebeli ave., Tbilisi, 0102	Hospitality	11/2/2019	–
⇒ m2 Mtatsminda, LLC	100.00%	100.00%	Georgia	22 Zaal Dumbadze st., Tbilisi	Hospitality	16/10/2014	26/12/2017
⇒ Georgia Property Management Group, LLC	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Commercial assets	4/10/2018	–
⇒ Vere Real Estate, LLC	100.00%	100.00%	Georgia	10 Givi Kartozia st., Tbilisi	Commercial assets	4/3/2010	6/8/2018
⇒ Caucasus Autohouse, LLC	100.00%	100.00%	Georgia	29 Ilia chavchavadze Ave., Tbilisi, 0105	Commercial assets	29/3/2011	–
⇒ Georgia Hotels Management Group, LLC (merged with Georgia Real Estate Management Group, LLC)	-	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Hospitality	16/12/2019	–
⇒ m2, LLC(3)	100.00%	100.00%	Georgia	29 Ilia chavchavadze Ave., Tbilisi, 0105	Hospitality / Real estate	12/2/2014	–
⇒ m2 Hotel Property, LLC	100.00%	-	Georgia	10 Givi Kartozia st., Tbilisi	Hospitality	15/12/2022	–
⇒ m2 Kutaisi, LLC(3)	100.00%	100.00%	Georgia	10 Melikishvili ave., Tbilisi	Hospitality	17/5/2017	–
⇒ m2 at Melikishvili, LLC(3)	100.00%	100.00%	Georgia	10 Melikishvili ave., Tbilisi	Hospitality	17/5/2017	–
⇒ Melikishvili Hotel Property, LLC	100.00%	100.00%	Georgia	10 Melikishvili ave., Tbilisi	Hospitality	3/2/2021	–
⇒ m2 Zugdidi, LLC(3)	100.00%	100.00%	Georgia	80 Aghmashenebeli ave., Tbilisi, 0102	Hospitality	7/11/2018	–
⇒ Georgia Commercial Assets, LLC	100.00%	100.00%	Georgia	Kazbegi street 15, Tbilisi Georgia	Commercial assets	23/12/2020	–
⇒ Georgia Hospitality Management Group, LLC	100.00%	100.00%	Georgia	Kazbegi street 3-5, Tbilisi Georgia	Hospitality	22/8/2018	–
⇒ Georgia Real Estate Management Group Gudauri, LLC	100.00%	100.00%	Georgia	Georgia, Dusheti region, village Seturebi	Hospitality	12/5/2019	–
⇒ Melikishvili Hotel Management, LLC	100.00%	-	Georgia	10 Melikishvili ave., Tbilisi	Hospitality	8/4/2022	–

(Thousands of Georgian Lari)

2. Basis of Preparation (continued)

Subsidiaries and associates (continued)

Subsidiaries at FV	Proportion of voting rights and ordinary share capital held						
	31 December 2022	*31 December 2021*	*Country of incorporation*	*Address*	*Industry*	*Date of incorporation*	*Date of acquisition*
⇒ JSC Georgian Renewable Power Holding	100.00%	-	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	23/8/2022	–
⇒ JSC Georgian Renewable Power Company[4]	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	15/9/2015	–
⇒ JSC Zoti Hydro	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	20/8/2015	–
⇒ JSC Caucasus Wind Company	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	14/9/2016	–
⇒ JSC Caucasus Solar Company	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	27/10/2016	–
⇒ Hydro S, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	18/1/2019	10/28/2019
⇒ Georgia Geothermal Company, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	16/12/2019	–
⇒ JSC Georgian Renewable Power Operations	100.00%	-	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	28/6/2022	–
⇒ JSC Svaneti Hydro[5]	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	6/12/2013	–
⇒ Qartli Wind Farm, LLC[5]	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	10/9/2012	30/12/2019
⇒ Hydrolea, LLC[5]	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	6/7/2012	28/10/2019
⇒ Geoenergy, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	26/1/2012	28/10/2019
⇒ Hydro Georgia, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	8/5/2012	28/10/2019
⇒ Darchi, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	18/11/2013	28/10/2019
⇒ Kasleti 2, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	18/11/2013	28/10/2019
⇒ GRPC Trade, LLC	100.00%	-	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	13/5/2022	–
⇒ JSC A Group	100.00%	100.00%	Georgia	1, Berbuki str., Saburatlo, Tbilisi	Various	20/9/2018	–
⇒ JSC Insurance Company Aldagi	100.00%	100.00%	Georgia	66A, David Aghmashenebeli Alley, Tbilisi	Insurance	11/8/1998	–
⇒ JSC Insurance Company Tao	100.00%	100.00%	Georgia	66A, David Aghmashenebeli Alley, Tbilisi	Insurance	22/8/2007	1/5/2015
⇒ Aliance, LLC	100.00%	100.00%	Georgia	20, Chavchavadze ave., floor 2, Vake-Saburtalo, Tbilisi	Various	1/8/1998	30/4/2012
⇒ Auto Way LLC	100.00%	100.00%	Georgia	20, Chavchavadze ave., Vake, Tbilisi	Various	27/12/2010	30/4/2012
⇒ JSC Carfest	75.00%	75.00%	Georgia	20, Chavchavadze ave., Vake, Tbilisi	Leasing	17/11/2017	–
⇒ JSC Greenway Georgia	100.00%	100.00%	Georgia	6, University str., Vake, Tbilisi	Vehicle Inspection	9/7/2010	1/5/2012
⇒ JSC GreenWash	75.00%	75.00%	Georgia	142, Akaki Beliashvili str, Tbilisi, Georgia	Car Wash	31/8/2018	–
⇒ Georgia Healthcare Group Limited	100.00%	100.00%	United Kingdom	84 Brook Street, London, W1K 5EH	Healthcare	27/8/2015	28/8/2015
⇒ JSC Georgia Healthcare Group ("GHG")	100.00%	100.00%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	29/4/2015	–
⇒ JSC Insurance Company Imedi L	100.00%	100.00%	Georgia	9, Anna Politkovskaias Str. Vake-Saburtalo District, Tbilisi	Insurance	22/6/2007	–
⇒ JSC GEPHA	76.98%	67.00%	Georgia	142, A. Beliashvili str, Tbilisi	Pharmacy and Distribution	19/10/1995	4/5/2016
⇒ JSC ABC Pharamcia (Armenia)	100.00%	100.00%	Armenia	Kievyan Str. 2/8, Erevan, Armenia	Pharmacy and Distribution	28/12/2013	6/1/2017
⇒ ABC Pharmalogistics, LLC	100.00%	100.00%	Georgia	Peikrebi str. 14a, Tbilisi, Georgia	Pharmacy and Distribution	24/2/2004	6/1/2017
⇒ JSC Iverta	100.00%	100.00%	Georgia	A. Beliashvili str. 142, Tbilisi, Georgia	Pharmacy and Distribution	17/2/2021	–
⇒ AKG AVELIN QAN DEGHATUN, LLC (Armenia)	100.00%	100.00%	Armenia	26/1 Vazgen Sargsyan Street, /Office 412/ Yerevan 0010, Armenia	Pharmacy and Distribution	28/6/2019	–
⇒ JSC Georgian Logistics	100.00%	100.00%	Georgia	A. Beliashvili str. 142, Tbilisi, Georgia	Other	8/10/2021	–
⇒ AZPHA LLC (Azerbaijan)	100.00%	100.00%	Azerbaijan	Azerbaijan, Baku, Sabunchu District, Bakikhanovi area, 131, A. Ahgaievi Street, Apartment 43	Pharmacy and Distribution	17/9/2021	–
⇒ Euroline LLC	100.00%	100.00%	Georgia	Stanislavski str. 5, Tbilisi, Georgia	Other	14/12/2015	24/11/2021
⇒ JSC Evex Hospitals	100.00%	100.00%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	1/8/2014	1/8/2014
⇒ EVEX-Logistics, LLC	100.00%	100.00%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	13/2/2015	–
⇒ New Clinic, LLC	100.00%	100.00%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	3/1/2017	20/7/2017
⇒ Caucasus Medical Center, LLC	99.80%	99.80%	Georgia	23, P. Kavtaradze Str., Tbilisi	Healthcare	12/1/2012	11/6/2015
⇒ JSC Pediatry	100.00%	100.00%	Georgia	U. Chkeidze str. 10, Tbilisi, Georgia	Healthcare	5/9/2003	6/7/2016
⇒ JSC Kutaisi Regional Mother and Infant Treatment-Diagnostic Centre	67.00%	67.00%	Georgia	Djavakhishvili str. 85, Kutaisi, Georgia	Healthcare	5/5/2003	29/11/2011
⇒ West Georgia Medical Center, LLC	67.00%	67.00%	Georgia	A Djavakhishvili str. 83A, Kutaisi, Georgia	Healthcare	9/12/2011	29/11/2011
⇒ NCLE Evex Learning Centre	100.00%	100.00%	Georgia	#83A, Javakhishvili street, Tbilisi	Other	20/12/2013	20/12/2013
⇒ Emergency Service, LLC	85.00%	85.00%	Georgia	#6 Building, #13/6 Lubliana str. Tbilisi, Georgia.	Healthcare	18/6/2013	8/5/2015
⇒ N(NL)E Blood Center	100.00%	100.00%	Georgia	Javakhishvili str. N85/ Javakhishvili str. N83A, Kutaisi, Georgia	Healthcare	23/12/2021	–
⇒ JSC Evex Clinics	100.00%	100.00%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	1/4/2019	–
⇒ Tskaltubo Regional Hospital, LLC	67.00%	67.00%	Georgia	16 Eristavi street, Tskhaltubo	Healthcare	29/9/1999	9/12/2011
⇒ LLC Aliance Med	100.00%	100.00%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	7/7/2015	20/7/2017
⇒ JSC Polyclinic Vere	98.35%	98.35%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	22/11/2015	25/12/2017
⇒ New Dent, LLC	75.00%	75.00%	Georgia	142, A. Beliashvili str, Tbilisi	Healthcare	24/12/2018	–
⇒ JSC Mega-Lab	92.00%	92.00%	Georgia	Petre Kavtaradze str. 23, Tbilisi	Healthcare	6/6/2017	–
⇒ LLC Patgeo-Union of Pathologists	100.00%	100.00%	Georgia	Mukhiani, II mcr. District, Building 22, 1a, Tbilisi	Healthcare	13/1/2010	27/9/2016
⇒ Scientific- Research Center - Mega-Lab N(N)LE	100.00%	100.00%	Georgia	Petre Kavtaradze str. 23, Tbilisi	Healthcare	25/5/2021	–

(Thousands of Georgian Lari)

2. Basis of Preparation (continued)

Subsidiaries and associates (continued)

Subsidiaries at FV	Proportion of voting rights and ordinary share capital held 31 December 2022	31 December 2021	Country of incorporation	Address	Industry	Date of incorporation	Date of acquisition
⇒ JSC Vabaco	67.00%	67.00%	Georgia	Bochorishvili str. 37, Tbilisi, Georgia	Software Development	9/9/2013	28/9/2018
⇒ Vabaco International, LLC	100.00%	-	Georgia	A. Tsereteli ave. 123, Tbilisi, Georgia	Software Development	30/3/2022	–
⇒ JSC Ekimo	67.00%	67.00%	Georgia	A. Tsereteli ave. 123, Tbilisi, Georgia	Other	14/12/2021	–
⇒ Dart, LLC	100.00%	100.00%	Georgia	A. Beliashvili str. 142, Tbilisi, Georgia	Other	14/6/2021	–
⇒ JSC Georgian Global Utilities*	20.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Utilities	22/01/2020	31/12/2014
⇒ Georgian Water and Power, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Utilities	25/06/1997	31/12/2014
⇒ Rustavi Water, LLC	100.00%	100.00%	Georgia	5, St. Nino St., Rustavi	Utilities	31/08/1999	31/12/2014
⇒ Gardabani Sewage Treatment, LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Utilities	20/12/1999	31/12/2014
⇒ Georgian Engineering and Management Company (GEMC), LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Utilities	20/03/2011	31/12/2014
⇒ JSC Saguramo Energy	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Utilities	11/12/2008	31/12/2014
⇒ JSC Svaneti Hydro[5]	-	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	6/12/2013	–
⇒ Qartli Wind Farm, LLC[5]	-	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	10/9/2012	30/12/2019
⇒ Georgian Energy Trading Company (GETC), LLC	100.00%	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy Sales	23/4/2019	–
⇒ Hydrolea, LLC[5]	-	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	6/7/2012	28/10/2019
⇒ Geoenergy, LLC	-	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	26/1/2012	28/10/2019
⇒ Hydro Georgia, LLC	-	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	8/5/2012	28/10/2019
⇒ Darchi, LLC	-	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	18/11/2013	28/10/2019
⇒ Kasleti 2, LLC	-	100.00%	Georgia	10 Medea (Mzia) Jugheli st, Tbilisi, 0179	Renewable Energy	18/11/2013	28/10/2019
⇒ JSC Georgian Beverages	100.00%	100.00%	Georgia	75 Chavchavadze Ave., Tbilisi	Beer Production and Distribution	14/11/2016	7/2/2018
⇒ JSC Georgian Beverages Holding	92.35%	87.39%	Georgia	8a Petre Melikishvili Ave, Tbilisi, 0179	Investment	17/12/2019	–
⇒ JSC Teliani Valley	100.00%	100.00%	Georgia	3 Tbilisi highway, Telavi.	Winery	30/6/2000	28/2/2007
⇒ Teliani Trading (Ukraine), LLC	100.00%	100.00%	Ukraine	18/14 Khvoiki St. Kiev	Distribution	3/10/2006	31/12/2007
⇒ Teliani Europe GmbH	100.00%	100.00%	Germany	Kurfürstendamm 195 10707 Berlin	Distribution	15/6/2021	–
⇒ Georgia Logistics and Distribution, LLC	100.00%	100.00%	Georgia	2 Marshal Gelovani St, Tbilisi	Distribution	10/1/2006	27/3/2007
⇒ Le Caucase, LLC	100.00%	100.00%	Georgia	2 Marshal Gelovani St, Tbilisi	Cognac Production	23/9/2006	20/3/2007
⇒ Kupa, LLC	70.00%	70.00%	Georgia	3 Tbilisi highway, Telavi	Oak Barrel Production	12/10/2006	20/3/2007
⇒ Global Beer Georgia, LLC	100.00%	100.00%	Georgia	Tsilkani, Mtskheta Region, Georgia	Production and distribution of alcohol and non-alcohol beverages	24/12/2014	–
⇒ Kindzmarauli Marani, LLC	100.00%	100.00%	Georgia	56 A. Tsereteli Ave., Tbilisi	Winery	18/12/2001	25/4/2018
⇒ Alaverdi, LLC	100.00%	100.00%	Georgia	Chumlaki, Gurjaani Region, Georgia	Winery	8/4/2008	19/8/2019
⇒ Global Coffee Georgia, LLC	100.00%	100.00%	Georgia	29a Gagarini street, Tbilisi	Coffee Distribution	26/12/2016	–
⇒ New Coffee Company, LLC	100.00%	100.00%	Georgia	Tskneti Highway, №16/18, app. 36	Coffee Distribution	23/9/2009	15/2/2017
⇒ Genuine Brewing Company, LLC	100.00%	100.00%	Georgia	7 Kotetishvili st, Tbilisi, 0108	Beer Production and Distribution	7/6/2011	7/2/2018
⇒ Craf and Draft, LLC	100.00%	100.00%	Georgia	Tsilkani, Mtskheta Region, Georgia	Beer Production	20/2/2019	–
⇒ JSC Artisan Wine and Drinks	100.00%	100.00%	Georgia	8a Petre Melikishvili Ave, Tbilisi, 0179	Wine distribution	26/8/2019	–
⇒ Amboli, LLC	90.00%	90.00%	Georgia	24, Leonidze st, Rustavi, Georgia	Car Services	13/8/2004	25/6/2019
⇒ Redberry, LLC	60.00%	60.00%	Georgia	9, Tashkenti st, Tbilisi, Georgia	Digital Services	29/8/2014	1/5/2019
⇒ Redberry International, LLC	100.00%	100.00%	Georgia	Mtskheta str, 13a, Tbilisi, Georgia	Digital Services	13/5/2021	–
⇒ Lunchoba, LLC	60.00%	60.00%	Georgia	22 Nutsubidze IV Micro-district, Tbilisi	Catering Services	8/10/2018	–
⇒ Shabatoba, LLC	100.00%	100.00%	Georgia	8 Zurab Sakandelidze st, Tbilisi, Georgia	Delivery Services	2/6/2020	–
⇒ JSC Carfest	25.00%	25.00%	Georgia	3, Pushkini str., Krtsanisi, Tbilisi	Leasing	17/11/2017	–
⇒ Georgia Education Group, LLC	100.00%	100.00%	Georgia	8a Petre Melikishvili Ave, Tbilisi, 0179	Education	16/7/2019	–
⇒ Green School, LLC	90.00%	90.00%	Georgia	8a Petre Melikishvili Ave, Tbilisi, 0179	Education	21/10/2019	–
⇒ JSC Green School Real Estate	100.00%	100.00%	Georgia	8a Petre Melikishvili Ave, Tbilisi, 0179	Education	5/1/2019	–
⇒ Tbilisi Green School, LLC	80.00%	80.00%	Georgia	Didube-Chughureti / Dighomi massive IV, Building 5A, Apartment 35	Education	7/6/2011	22/8/2019
⇒ Modern Schoool, LLC	90.00%	90.00%	Georgia	N, Khudadovi str. 1b, Tbilisi, Georgia	Education	18/8/2021	–
⇒ Georgian-Austrian School Pesvebi, LLC	100.00%	90.00%	Georgia	D. Tavdadebuli str. 6, Tbilisi, Georgia	Education	27/9/1995	20/8/2021
⇒ Buckswood International School - Tbilisi, LLC	80.00%	80.00%	Georgia	2, Dolidze str, Tbilisi	Education	24/8/2005	29/7/2019
⇒ Sakhli Tsknetshi, LLC	100.00%	100.00%	Georgia	Tskneti, Vake region, Tbilis	Education	1/5/2005	–
⇒ British Georgian Academy, LLC	70.00%	70.00%	Georgia	17, Leo Kvachadze str, Tbilisi	Education	3/2/2006	23/7/2019
⇒ NNLE British International School of Tbilisi	100.00%	100.00%	Georgia	17, Leo Kvachadze str, Tbilisi	Education	3/2/2015	–
⇒ British International School of Tbilisi LLC	100.00%	100.00%	Georgia	17, Leo Kvachadze str, Tbilisi	Education	5/9/2019	–
⇒ British Georgian Academy - Okrokana, LLC	100.00%	100.00%	Georgia	17, Leo Kvachadze str, Tbilisi	Education	16/9/2021	–
⇒ JSC Liberty Consumer	-	77.23%	Georgia	74a Chavchavadze Ave, Tbilisi, 0162	Investments	24/5/2006	–
⇒ JSC Intertour	-	99.94%	Georgia	49a, Chavchavadze Ave, Tbilisi, 0162	Travel agency	29/3/1996	25/4/2006
⇒ JSC Oncloud	100.00%	100.00%	Georgia	8a Petre Melikishvili Ave, Tbilisi, 0179	Digital Services	28/2/2020	–

(Thousands of Georgian Lari)

2. Basis of Preparation (continued)

Subsidiaries and associates (continued)

Associates	Proportion of voting rights and ordinary share capital held 31 December 2022	31 December 2021	Country of incorporation	Address	Industry	Date of incorporation	Date of acquisition
Squadro, LLC	12.00%	12.00%	Georgia	Kostava street #74, Tbilisi, Georgia	Software Service	2/3/2021	27/8/2021
N(NL)E Georgian Medical Tourism Council	28.60%	28.60%	Georgia	I-II floor, house N10, N 13, b. N1 almond Gardens Street, tskneti, Vake district, Tbilisi	Healthcare	16/5/2019	–
JSC Diflex	40.00%	40.00%	Georgia	Shalikashvili str. 8, Tbilisi, Geogia	Software Development	29/12/2016	11/12/2021
NPO Healthcare Association	25.00%	25.00%	Georgia	Vazha-Pshavela Ave. 27b, Tbilisi, Georgia	Healthcare	25/3/2016	–
Complex-Med-Service, LLC	20.00%	20.00%	Georgia	Tsinandali sts. 9, Tbilisi, Georgia	Healthcare	18/11/2008	30/7/2021
Insurance Informational Bureau, LLC	22.50%	22.50%	Georgia	Baratashvili bridge underground crossing, Mtkvari Left Bank, Old Tbilisi, Tbilisi	Insurance	23/7/2008	–

** As at 31 December 2022, following the disposal of 80% shares, GCAP holds 20% equity interest in JSC Georgian Global Utilities (2021: 100%), thus not classified as a subsidiary at the end of the year. For details about the disposal transaction refer to notes 5, 10.*

(1) As of 31 December 2022 subsidiary of m2 Group, LLC (31 December 2021: subsidiary of m2 Development, LLC)
(2) As of 31 December 2022 subsidiary of Georgia Real Estate Management Group, LLC (31 December 2021: subsidiary of Amber Group, LLC)
(3) As of 31 December 2022 subsidiary of Georgia Real Estate Management Group, LLC (31 December 2021: subsidiary of Georgia Hotels Management Group, LLC)
(4) As of 31 December 2022 subsidiary of JSC Georgian Renewable Power Holding (31 December 2021: subsidiary of JSC Georgia Capital)
(5) As of 31 December 2022 subsidiary of JSC Georgian Renewable Power Operations (31 December 2021: subsidiary of JSC Georgian Global Utilities)

(Thousands of Georgian Lari)

3. Significant Accounting Policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

Fair value measurement

The Group measures investments in subsidiaries and other financial instruments, such as debt securities owned, equity investments and derivatives, if any, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 − Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and amounts due from credit institutions that mature within ninety days of the date of contract origination and are free from contractual encumbrances and readily convertible to known amount of cash.

Financial assets

Initial recognition

Financial assets in the scope of IFRS 9 are classified at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

3. Significant Accounting Policies (continued)

Financial assets (continued)

Initial recognition (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Date of recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories under IFRS 9:
- Financial assets at amortised cost (cash and cash equivalents, amounts due from credit institutions)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (currently Group does not have instruments classified under this category)
- Financial assets at fair value through profit or loss (equity investments at fair value, perpetual debt instruments)

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And
- 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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents and amounts due from credit institutions.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And
- 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under marketable securities.

3. Significant Accounting Policies (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Equity investments are classified at fair value through profit or loss. Derivatives and financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes equity investments.

Loans to subsidiaries are measured at FVPL in accordance with IFRS 9 as the loans are held within a business model with the objective other than held to collect contractual cash flows or held both to collect contractual cash flows and to sell financial assets.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition (stage 2) or for which there is objective evidence of impairment as at the reporting date (stage 3), a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of amounts previously written off decrease the charge for impairment of financial assets in the consolidated profit or loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. Significant Accounting Policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement. Modification is substantial if present value of cash flows under new terms discounted at original effective interest rate is at least 10% different from the liability's carrying amount right before the modification, or there is a substantial modification to the terms identified through a qualitative assessment.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities, including financial guarantees, are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Liability under guarantee is measured at the higher of 1) The amount of loss allowance determined in accordance with the impairment requirements of IFRS 9; and 2) The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with IFRS 15. The premium received is recognized in the income statement on a straight-line basis over the life of the guarantee.

Debt securities issued

Debt securities issued are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, debt securities issued are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when borrowings are derecognised as well as through the amortisation process.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

3. Significant Accounting Policies (continued)

Share-based payment transactions

Employees (including senior executives) of the Group receive share-based remuneration, whereby they render services and receive equity instruments of Georgia Capital PLC ('equity settled transactions') as consideration for the services provided.

Equity-settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value of shares at the grant date.

The cost of equity settled transactions is recognised together with the corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated income statement charge and credit entry to equity for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.
No expense is recognised for the awards that do not ultimately vest.

Where the terms of an equity settled award are modified, the minimum expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of the modification.
Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as the replacement award on the date that it is granted, the cancelled and the new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Share capital

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury shares

Where the Group purchases the shares of Georgia Capital PLC, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at par value, with adjustment of premiums against additional paid in capital.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue. All expenses associated with dividend distribution are added to dividend amount and recorded directly through equity.

Dividend income

Dividend revenue is recognised when the Group's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

Net gains or losses on financial assets and liabilities at FVPL are changes in the fair value of equity investment at fair value, financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses. Interest and dividend income and expense FVPL instruments are recognised in profit or loss at effective interest.

(Thousands of Georgian Lari)

3. Significant Accounting Policies (continued)

Non-recurring items

The Group separately classifies and discloses those income and expenses that are non-recurring by nature. The Group defines non-recurring income or expense as an income or expense triggered by or originated from an economic, business or financial event that is not inherent to the regular and ordinary business course of the Group and is caused by uncertain or unpredictable external factors that cannot be reasonably expected to occur in the future and thus they should not be taken into account when making projections of the future results.

Taxation

The current income tax expense is calculated in accordance with the regulations in force in the respective territories in which the Group and its subsidiaries operate.

The annual profit earned by entities is not taxed in Georgia, except for insurance companies and banks. Corporate income tax is paid on dividends, donations, abnormal losses, non-business related disbursements, etc. The corporate income tax arising from the payment of dividends is accounted for as a liability and expensed in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. The corporate income tax rate is 15% in Georgia.

Georgia also has various operating taxes that are assessed on the Group's activities. These taxes are included as a component of general and administrative expenses.

Functional, presentation currencies and foreign currency translation

The consolidated financial statements are presented in Georgian Lari, which is GCAP's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated income statement as net foreign currency gain (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Differences between the contractual exchange rate of a certain transaction and the National Bank of Georgia ("NBG") exchange rate on the date of the transaction are included in Net foreign currency gain (loss). The official NBG exchange rates at 31 December 2022 and 31 December 2021 were as follows:

	Lari to GBP	*Lari to USD*	*Lari to EUR*
31 December 2022	3.2581	2.7020	2.8844
31 December 2021	4.1737	3.0976	3.5040

(Thousands of Georgian Lari)

3. Significant Accounting Policies (continued)

Adoption of new or revised standards and interpretations

The following amendments became effective from 1 January 2022 and had no impact on the Group's financial statements:

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework
Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
Amendments to IFRS 16 Leases – Lease Incentives
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets – Onerous Contracts - Costs of Fulfilling a Contract
Amendments to IAS 41 Agriculture – Taxation in fair value measurement

The following standards that are issued but not yet effective are also expected to have no material impact on the Group's financial statements:

IFRS 17 Insurance contracts
Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
Amendments to IAS 1 Presentation of Financial Statements – Disclosure of accounting policies
Amendments to IAS 1 Presentation of Financial Statements – Classification of debt with covenants
Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

4. Significant Accounting Judgements and Estimates

In the process of applying the Group's accounting policies, the management board use their judgment and make estimates in determining the amounts recognised in the consolidated financial statements. The most significant judgments and estimates are as follows:

Assessment of investment entity status

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Group invests funds, originally obtained from GCAP PLC's investors, in its private portfolio companies, obtains dividend inflows from its mature investments and once the businesses are developed, exits the investment ideally at a higher multiple (vs entry multiple) to monetise on capital appreciation gains. The Group reports to its investors on a fair value basis. All investments are reported at fair value in the Group's annual reports.

Georgia Capital PLC (an investment entity on its own) holds a single investment in JSC Georgia Capital, which holds a portfolio of investments; although JSC Georgia Capital is wholly capitalised by Georgia Capital PLC, Georgia Capital PLC is funded by many investors who are unrelated to the entity; and ownership in Georgia Capital PLC is represented by units of equity interests acquired through a capital contribution. Thus the judgement above refers to both entities in aggregation. The Board has concluded that Georgia Capital meets the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change.

Georgia Capital met the investment entity definition on 31 December 2019. As of 31 December 2022, Georgia Capital continues to meet the definition of investment entity. In making this assessment, the Group considered each criteria and characteristic described above as well as developments during the year.

The Group continues to consolidate GCMF LLC, which is not itself an investment entity and whose main purpose and activities are providing excess liquidity management services that relate to the Group's investment activities.

Fair valuation of the investment portfolio

The investment portfolio, a material asset of the Group, is held at fair value. Details of valuation methodologies used and the associated sensitivities are disclosed in note 17. Given the importance of this area, the Board has formed a separate Audit and Valuations Committee to review the valuations to be placed on portfolio companies, compliance with the valuation standards and usage of appropriate judgement. The detailed valuation process is disclosed in note 17.

Shares of the parent company

Under the Group's Executives' Equity Compensation Plan ("EECP") senior executives of JSC Georgia Capital are awarded ordinary shares of Georgia Capital PLC, its parent company. Georgia Capital PLC holds a single investment in JSC Georgia Capital, which in turn owns a portfolio of investments, each measured at fair value. Georgia Capital PLC has no operations of its own and has no material assets and liabilities other than its 100% investment in JSC Georgia Capital. Management concluded that effectively PLC and JSC Georgia Capital represent the same company, therefore PLC Georgia Capital's shares are treated as treasury shares in JSC Georgia Capital's financial statements. Shares awarded to senior executives under EECP are classified as equity-settled share-based payment in the financial statements of JSC Georgia Capital.

(Thousands of Georgian Lari)

5. Segment Information

For management purposes, the Group is organised into the following operating segments as follows:
listed and observable portfolio companies, private large portfolio companies, private investment stage portfolio companies, private other portfolio companies, and corporate centre.

Listed and observable portfolio companies segment

BOG - the Group has a significant investment in London Stock Exchange premium listed Bank of Georgia Group PLC. GCAP does not hold voting rights in BOG.
Water Utility - the Group has 20% equity stake in the Water Utility business, following the disposal of 80% of its shares during 2021. Water Utility is a regulated monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services.

Private portfolio companies

Large portfolio companies segment:

The large portfolio companies segment includes investments in hospitals, pharmacy and distribution and insurance businesses.

Hospitals business is the largest healthcare market participant in Georgia. Hospitals business provides secondary and tertiary level healthcare services.
Retail (Pharmacy) business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies.
Insurance business comprises a property and casualty insurance and medical insurance businesses. Principally providing wide-scale property and casualty and medical insurance services to corporate and retail clients.

Investment stage portfolio companies segment:

The investment stage portfolio companies segment includes investments into clinics, diagnostics, renewable energy and education businesses.

Clinics & Diagnostics business consists of clinics, providing outpatient and basic inpatient services, polyclinics providing outpatient diagnostic and treatment services, and diagnostics business, operating the largest laboratory in the entire Caucasus region.
Renewable energy business principally operates three wholly owned commissioned renewable assets. In addition, a pipeline of renewable energy projects is under advanced stage of development
Education business combines majority stakes in four leading private schools in Tbilisi. It provides education for preschool to 12th grade (K-12);

Other portfolio companies segment:

The other portfolio companies segment includes Housing Development, Hospitality, Beverages and Auto Service businesses.

Corporate Centre comprising of JSC Georgia Capital.

Management monitors the fair values of its segments separately for the purposes of making decisions about resource allocation and performance assessment. Transactions between segments are accounted for at actual transaction prices.

In 2022, Georgia Capital revised the presentation of its segment note. Following the disposal of 80% of water utility shares, the remaining 20% equity stake in the business is presented under the listed and observable portfolio category, alongside the 20.6% (2021: 19.9%) investment in BoG. In addition, the healthcare services business (previously included under Large portfolio companies) is now split into two individual businesses (Hospitals, and Clinics & Diagnostics) given the differences in their stage of development. Hospitals business is still presented under the large portfolio category. Clinics and Diagnostics are presented alongside Renewable Energy and Education under the investment stage portfolio category. The information for the year ended 31 December 2022 is presented on both the old basis and the new basis.

(Thousands of Georgian Lari)

5. Segment Information (continued)

The following table presents the net asst value (NAV) statement of the Group's operating segments at 31 December 2022 and the roll-forward from 31 December 2021 (new basis):

	31 December 2021	*1.Value Creation*	*2a. Investments and Divestments*	*2b. Buybacks*	*2c. Dividends*	*3.Operating Expenses*	*4. Liquidity Management/ FX / Other*	*31 December 2022*
Listed and Observable Portfolio Companies	**681,186**	**205,783**	**139,392**	**-**	**(40,898)**	**-**	**-**	**985,463**
BoG	681,186	190,175	-	-	(40,898)	-	-	830,463
Water Utility	-	15,608	139,392	-	-	-	-	155,000
Private Portfolio Companies	**2,935,045**	**(171,710)**	**(501,011)**	**-**	**(52,977)**	**-**	**3,817**	**2,213,164**
Large Portfolio Companies	***2,249,260***	***(70,728)***	***(696,960)***	***-***	***(44,783)***	***-***	***821***	***1,437,610***
Retail (Pharmacy)	710,385	30,150	-	-	(16,018)	-	-	724,517
Hospitals	573,815	(127,607)	-	-	(13,015)	-	-	433,193
Water Utility	696,960	-	(696,960)	-	-	-	-	-
Insurance (P&C and Medical)	268,100	26,729	-	-	(15,750)	-	821	279,900
Of which, P&C Insurance	211,505	30,468	-	-	(14,749)	-	821	228,045
Of which, Health Insurance	56,595	(3,739)	-	-	(1,001)	-	-	51,855
Investment Stage Portfolio Companies	***461,140***	***13,266***	***34,196***	***-***	***(8,194)***	***-***	***999***	***501,407***
Clinics and diagnostics	158,004	(45,826)	-	-	-	-	-	112,178
Renewable energy	173,288	31,040	27,854	-	(8,194)	-	999	224,987
Education	129,848	28,052	6,342	-	-	-	-	164,242
Other Portfolio Companies	***224,645***	***(114,248)***	***161,753***	***-***	***-***	***-***	***1,997***	***274,147***
Total Portfolio Value	**3,616,231**	**34,073**	**(361,619)**	**-**	**(93,875)**	**-**	**3,817**	**3,198,627**
Net Debt	**(734,858)**	**-**	**394,987**	**(28,535)**	**93,875**	**(33,275)**	**(95,761)**	**(403,567)**
Net Asset Value	**2,881,373**	**34,073**	**33,368**	**(28,535)**	**-**	**(33,275)**	**(91,944)**	**2,795,060**

(Thousands of Georgian Lari)

5. Segment Information (continued)

The following table presents the net asst value (NAV) statement of the Group's operating segments at 31 December 2022 and the roll-forward from 31 December 2021 (old basis):

	31 December 2021	1.Value Creation	2a. Investments and Divestments	2b. Buybacks	2c. Dividends	3.Operating Expenses	4. Liquidity Management/ FX / Other	31 December 2022
Listed Portfolio Companies	**681,186**	**190,175**	**-**	**-**	**(40,898)**	**-**	**-**	**830,463**
BoG	681,186	190,175	-	-	(40,898)	-	-	830,463
Private Portfolio Companies	**2,935,045**	**(156,102)**	**(361,619)**	**-**	**(52,977)**	**-**	**3,817**	**2,368,164**
Large Portfolio Companies	***2,407,264***	***(100,946)***	***(557,568)***	**-**	***(44,783)***	**-**	***821***	***1,704,788***
Healthcare Services	731,819	(173,433)	-	-	(13,015)	-	-	545,371
Retail (Pharmacy)	710,385	30,150	-	-	(16,018)	-	-	724,517
Water Utility	696,960	15,608	(557,568)	-	-	-	-	155,000
Insurance (P&C and Medical)	268,100	**26,729**	**-**	**-**	**(15,750)**	**-**	**821**	**279,900**
Of which, P&C Insurance	211,505	30,468	-	-	(14,749)	-	821	228,045
Of which, Health Insurance	56,595	(3,739)	-	-	(1,001)	-	-	51,855
Investment Stage Portfolio Companies	***303,136***	***59,092***	***34,196***	**-**	***(8,194)***	**-**	***999***	***389,229***
Renewable energy	173,288	31,040	27,854	-	(8,194)	-	999	224,987
Education	129,848	28,052	6,342	-	-	-	-	164,242
Other Portfolio Companies	***224,645***	***(114,248)***	***161,753***	**-**	**-**	**-**	***1,997***	***274,147***
Total Portfolio Value	**3,616,231**	**34,073**	**(361,619)**	**-**	**(93,875)**	**-**	**3,817**	**3,198,627**
Net Debt	**(734,858)**	**-**	**394,987**	**(28,535)**	**93,875**	**(33,275)**	**(95,761)**	**(403,567)**
Net Asset Value	**2,881,373**	**34,073**	**33,368**	**(28,535)**	**-**	**(33,275)**	**(91,944)**	**2,795,060**

(Thousands of Georgian Lari)

5. Segment Information (continued)

The following table presents the NAV statement of the Group's operating segments at 31 December 2021 and the roll forward from 31 December 2020:

	31 December 2020	*1. Value Creation*	*2a. Investments and Divestments*	*2b. Buybacks*	*2c. Dividends*	*3. Operating Expenses*	*4. Liquidity Management/ FX / Other*	*31 December 2021*
Listed Portfolio Companies	**531,558**	**164,109**	**-**	**-**	**(14,481)**	**-**	**-**	**681,186**
BoG	531,558	164,109	-	-	(14,481)	-	-	681,186
Private Portfolio Companies	**2,376,130**	**592,327**	**18,296**	**-**	**(59,881)**	**-**	**8,173**	**2,935,045**
Large Portfolio Companies	***1,858,237***	***583,852***	***-***	***-***	***(39,881)***	***-***	***5,056***	***2,407,264***
Healthcare Services	571,656	171,708	-	-	(11,545)	-	-	731,819
Retail (Pharmacy)	552,745	169,100	-	-	(11,460)	-	-	710,385
Water Utility	471,148	221,179	-	-	-	-	4,633	696,960
Insurance (P&C and Medical)	262,688	21,865	-	-	(16,876)	-	423	268,100
Of which, P&C Insurance	*197,806*	*28,157*	-	-	*(14,881)*	-	*423*	*211,505*
Of which, Health Insurance	*64,882*	*(6,292)*	-	-	*(1,995)*	-	-	*56,595*
Investment Stage Portfolio Companies	***302,964***	***1,632***	***17,415***	***-***	***(20,000)***	***-***	***1,125***	***303,136***
Renewable energy	209,902	(21,463)	3,724	-	(20,000)	-	1,125	173,288
Education	93,062	23,095	13,691	-	-	-	-	129,848
Other Portfolio Companies	***214,929***	***6,843***	***881***	***-***	***-***	***-***	***1,992***	***224,645***
Total Portfolio Value	**2,907,688**	**756,436**	**18,296**	**-**	**(74,362)**	**-**	**8,173**	**3,616,231**
Net Debt	**(694,398)**	**-**	**(18,296)**	**(3,004)**	**74,362**	**(28,337)**	**(65,185)**	**(734,858)**
Net Asset Value	**2,213,290**	**756,436**	**-**	**(3,004)**	**-**	**(28,337)**	**(57,012)**	**2,881,373**

1.Value Creation – measures annual shareholder return on each portfolio company for Georgia Capital. It is the aggregation of a) change in beginning and ending fair values, b) dividend income during the period. The net result is then adjusted to remove capital injections (if any) to arrive at the total value creation/investment return.; 2a.Investments and Divestments – represents capital injections and divestments in portfolio companies made by Georgia Capital, as well as reclassification of Water Utility business into Listed and Observable Portfolio Companies; 2b. Buybacks – represent buybacks made by Georgia Capital in order to satisfy share compensation of executives; 2c.Dividends – represent dividends received from portfolio companies by JSC GCAP; 3.Operating Expenses – holding company operating expenses of Georgia Capital; 4.Liquidity Management/FX/Other – holding company movements of Georgia Capital related to liquidity management, foreign exchange movement, non-recurring and other.

(Thousands of Georgian Lari)

5. Segment Information (continued)

Reconciliation of IFRS financial statements to NAV:

	31 December 2022		
	JSC Georgia Capital	***Reclassifications****	***NAV Statement***
Cash and cash equivalents	199,771	(199,771)	-
Amounts due from credit institutions	16,278	(16,278)	-
Marketable securities	25,445	(25,445)	-
Investment in redeemable securities	12,631	(12,631)	-
Accounts receivable	109	(109)	-
Prepayments	610	(610)	-
Loans issued	26,830	(26,830)	-
Property and equipment	391	(391)	-
Intangible assets	109	(109)	-
Other assets, net	1,132	(1,132)	-
Equity investments at fair value	3,198,627	-	3,198,627
Total assets	**3,481,933**	**(283,306)**	**3,198,627**
Accounts payable	917	(917)	-
Debt securities issued	681,067	(681,067)	-
Other liabilities	4,889	(4,889)	-
Total liabilities	**686,873**	**(686,873)**	**-**
Net Debt	-	(403,567)	(403,567)
Total equity/NAV	**2,795,060**	**-**	**2,795,060**

	31 December 2021		
	JSC Georgia Capital	***Reclassifications****	***NAV Statement***
Cash and cash equivalents	89,714	(89,714)	-
Amounts due from credit institutions	35,667	(35,667)	-
Marketable securities	79,716	(79,716)	-
Investment in redeemable securities	17,849	(17,849)	-
Accounts receivable	96	(96)	-
Prepayments	680	(680)	-
Loans issued	154,214	(154,214)	-
Property and equipment	410	(410)	-
Intangible assets	84	(84)	-
Other assets, net	7,205	(7,205)	-
Equity investments at fair value	3,616,231	-	3,616,231
Total assets	**4,001,866**	**(385,635)**	**3,616,231**
Accounts payable	839	(839)	-
Debt securities issued	1,095,433	(1,095,433)	-
Other liabilities	24,221	(24,221)	-
Total liabilities	**1,120,493**	**(1,120,493)**	**-**
Net Debt	-	(734,858)	(734,858)
Total equity/NAV	**2,881,373**	**-**	**2,881,373**

** Reclassifications to aggregated balances to arrive at NAV specific presentation, such as aggregating GCAP net debt*

(Thousands of Georgian Lari)

5. Segment Information (continued)

The following table presents income statement information of the Group's operating segments for the year ended 31 December 2022 (new basis):

	Listed and Observable Portfolio Companies	Private Portfolio Companies: Large	Private Portfolio Companies: Investment Stage	Private Portfolio Companies: Other	Corporate Center	Total
Gains/(losses) on investments at fair value	164,885	(115,511)	5,072	(114,248)	-	(59,802)
Listed and Observable Investments	*164,885*	-	-	-	-	*164,885*
Private Investments	-	*(115,511)*	*5,072*	*(114,248)*	-	*(224,687)*
Dividend income	*40,898*	44,783	8,194	-	-	93,875
Interest income	-	-	-	-	32,029	32,029
Gain on derecognition of liability	-	-	-	-	9,907	9,907
Net losses from investment securities measured at FVPL	-	-	-	-	(10,801)	(10,801)
Net realised losses from investment securities measured at FVOCI	-	-	-	-	(1,750)	(1,750)
Other income	-	-	-	-	42	42
Gross investment profit/(loss)	**205,783**	**(70,728)**	**13,266**	**(114,248)**	**29,427**	**63,500**
Administrative expenses	-	-	-	-	(6,797)	(6,797)
Salaries and other employee benefits	-	-	-	-	(25,843)	(25,843)
Depreciation and amortisation	-	-	-	-	(635)	(635)
Interest expense	-	-	-	-	(59,763)	(59,763)
Profit/(loss) before provisions, foreign exchange and non-recurring items	**205,783**	**(70,728)**	**13,266**	**(114,248)**	**(63,611)**	**(29,538)**
Expected credit loss reversal	-	-	-	-	380	380
Net foreign currency gain	-	-	-	-	48,666	48,666
Loss on derivative financial assets	-	-	-	-	(4,507)	(4,507)
Non-recurring expense	-	-	-	-	(387)	(387)
Profit / (loss) before income taxes	**205,783**	**(70,728)**	**13,266**	**(114,248)**	**(19,459)**	**14,614**
Income tax	-	-	-	-	-	-
Profit/(loss) for the period	**205,783**	**(70,728)**	**13,266**	**(114,248)**	**(19,459)**	**14,614**

(Thousands of Georgian Lari)

5. Segment Information (continued)

The following table presents income statement information of the Group's operating segments for the year ended 31 December 2022 (old basis):

		Private Portfolio Companies				
	Listed Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***
Gains/(losses) on investments at fair value	149,277	(145,729)	50,898	(114,248)	-	(59,802)
Listed Equity Investments	*149,277*	-	-	-	-	*149,277*
Private Investments	-	*(145,729)*	*50,898*	*(114,248)*	-	*(209,079)*
Dividend income	*40,898*	*44,783*	*8,194*	-	-	93,875
Interest income	-	-	-	-	32,029	32,029
Gain on derecognition of liability	-	-	-	-	9,907	9,907
Net losses from investment securities measured at FVPL	-	-	-	-	(10,801)	(10,801)
Net realised gains from investment securities measured at FVOCI	-	-	-	-	(1,750)	(1,750)
Other income	-	-	-	-	42	42
Gross investment (loss)/profit	**190,175**	**(100,946)**	**59,092**	**(114,248)**	**29,427**	**63,500**
Administrative expenses	-	-	-	-	(6,797)	(6,797)
Salaries and other employee benefits	-	-	-	-	(25,843)	(25,843)
Depreciation and amortisation	-	-	-	-	(635)	(635)
Interest expense	-	-	-	-	(59,763)	(59,763)
Loss before provisions, foreign exchange and non-recurring items	**190,175**	**(100,946)**	**59,092**	**(114,248)**	**(63,611)**	**(29,538)**
Expected credit loss	-	-	-	-	380	380
Net foreign currency gain	-	-	-	-	48,666	48,666
Loss on derivative financial assets	-	-	-	-	(4,507)	(4,507)
Non-recurring expense	-	-	-	-	(387)	(387)
Loss before income taxes	**190,175**	**(100,946)**	**59,092**	**(114,248)**	**(19,459)**	**14,614**
Income tax	-	-	-	-	-	-
Loss for the period	**190,175**	**(100,946)**	**59,092**	**(114,248)**	**(19,459)**	**14,614**

(Thousands of Georgian Lari)

5. Segment Information (continued)

The following table presents income statement information of the Group's operating segments for the year ended 31 December 2021:

		Private Portfolio Companies				
	Listed Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***
Gains/(losses) on investments at fair value	149,628	543,971	(18,368)	6,843	-	682,074
Listed Equity Investments	*149,628*	-	-	-	-	*149,628*
Private Investments	-	*543,971*	*(18,368)*	*6,843*		*532,446*
Dividend income	*14,481*	39,881	20,000	-	-	74,362
Transaction costs	-	-	-	-	(19,058)	(19,058)
Interest income	-	-	-	-	22,154	22,154
Net losses from investment securities measured at FVPL	-	-	-	-	(1,611)	(1,611)
Net realised gains from investment securities measured at FVOCI	-	-	-	-	91	91
Other income	-	-	-	-	56	56
Gross investment profit	**164,109**	**583,852**	**1,632**	**6,843**	**1,632**	**758,068**
Administrative expenses	-	-	-	-	(5,357)	(5,357)
Salaries and other employee benefits	-	-	-	-	(22,413)	(22,413)
Depreciation and amortisation	-	-	-	-	(567)	(567)
Interest expense	-	-	-	-	(76,406)	(76,406)
Profit/(loss) before provisions, foreign exchange and non-recurring items	**164,109**	**583,852**	**1,632**	**6,843**	**(103,111)**	**653,325**
Expected credit loss	-	-	-	-	(96)	(96)
Net foreign currency gain	-	-	-	-	39,933	39,933
Non-recurring expense	-	-	-	-	(785)	(785)
Profit/(loss) before income taxes	**164,109**	**583,852**	**1,632**	**6,843**	**(64,059)**	**692,377**
Income tax	-	-	-	-	-	-
Profit/(loss) for the year	**164,109**	**583,852**	**1,632**	**6,843**	**(64,059)**	**692,377**

(Thousands of Georgian Lari)

6. Cash and Cash Equivalents

	31 December 2022	*31 December 2021*
Current accounts with financial institutions	33,541	52,542
Time deposits with financial institutions with original maturities of up to 90 days	166,232	37,173
Cash and cash equivalents	**199,773**	**89,715**
Allowance (Note 14)	(2)	(1)
Cash and cash equivalents, Net	**199,771**	**89,714**

The carrying value of cash and cash equivalents approximates fair value of the asset.

7. Amounts Due from Credit Institutions

	31 December 2022	*31 December 2021*
Time deposits with maturities of more than 90 days	16,299	35,818
Amounts due from credit institutions, Gross	**16,299**	**35,818**
Allowance (Note 14)	(21)	(151)
Amounts due from credit institutions, Net	**16,278**	**35,667**

8. Marketable Securities and Investment in Redeemable Shares

	31 December 2022	*31 December 2021*
Internationally listed marketable securities (FVPL)	21,068	37,747
Internationally listed marketable securities (FVOCI)*	1,183	39,447
Locally listed marketable securities (FVOCI)*	3,194	2,522
Marketable securities	**25,445**	**79,716**

* During 2022 GCAP recorded foreign exchange loss of GEL 12,583 (2021: GEL 5,139) on marketable securities presented through FVOCI.

Investment in redeemable shares

In August 2021 a 100% owned portfolio company of Georgia Capital, JSC Insurance Company Aldagi (P&C Insurance), issued 6 million preference shares. 100% of preference shares were subscribed by Georgia Capital at the price of USD 6 million (GEL 18.6 million). The proceeds from preference shares are invested by JSC Insurance Company Aldagi in a fund that invest in fixed income securities. Preference shares are mandatorily redeemable by JSC Insurance Company Aldagi upon redemption of the underlying fund shares. Redemption amount for preferred shares is equal to proceeds from underlying fund shares subject to certain adjustments. As at 31 December 2022 the fair value of the investment was GEL 12,631 (2021: GEL 17,849) presented as investment in redeemable shares in the consolidated statement of financial position. Investment in redeemable shares are accounted at fair value through profit or loss at net asset value of underlying fund shares.

9. Loans Issued

	31 December 2022	*31 December 2021*
Loans to equity investments (FVPL)	26,830	154,214
Loans issued, Net	**26,830**	**154,214**

As at 31 December 2022 and Loans to equity investments are denominated in GEL, USD and EUR (2021: GEL, USD and EUR), carry interest rates from 5.5% to 16.5% (2021: 5.5% to 16%), with average remaining terms of maturity of 1 year (2021: 1.9 years).

As part of Water utility sale transaction, JSC GCAP issued shareholder loan USD 90 million, in order to refinance green bonds issued by the Water Utility and Renewable Energy businesses. During 4Q22 GCAP recovered loan issued for bond refinancing in the amount of USD 80 million, remaining part of shareholder loan was converted into equity of Renewable energy business in line with capital allocation strategy.

(Thousands of Georgian Lari)

10. Equity Investments at Fair Value

	31 December 2021	*Portfolio decomposition and Transfer between stages**	*Value Change*	*Dividends*	*Total gains / (Losses) on investments at fair value*	*Investments and Divestments***	*Other****	*31 December 2022*
Listed and Observable Portfolio Companies	**681,186**	**-**	**205,783**	**(40,898)**	**164,885**	**139,392**	**-**	**985,463**
BoG	*681,186*	*-*	*190,175*	*(40,898)*	*149,277*	*-*	*-*	*830,463*
Water utility	*-*	*-*	*15,608*	*-*	*15,608*	*139,392*	*-*	*155,000*
Private Portfolio Companies	**2,935,045**	**-**	**(181,160)**	**(52,977)**	**(234,137)**	**(491,561)**	**3,817**	**2,213,164**
Large Portfolio Companies	**2,407,264**	**(158,004)**	**(80,178)**	**(44,783)**	**(282,965)**	**(687,510)**	**821**	**1,437,610**
Retail (Pharmacy)	*710,385*	*-*	*30,150*	*(16,018)*	*14,132*	*-*	*-*	*724,517*
Hospitals	*731,819*	*(158,004)*	*(127,607)*	*(13,015)*	*(298,626)*	*-*	*-*	*433,193*
Water utility	*696,960*	*-*	*(9,450)*	*-*	*(9,450)*	*(687,510)*	*-*	*-*
Insurance (P&C and Medical)	*268,100*	*-*	*26,729*	*(15,750)*	*10,979*	*-*	*821*	*279,900*
Of which, P&C Insurance	*211,505*	*-*	*30,468*	*(14,749)*	*15,719*	*-*	*821*	*228,045*
Of which, Health Insurance	*56,595*	*-*	*(3,739)*	*(1,001)*	*(4,740)*	*-*	*-*	*51,855*
Investment Stage Portfolio Companies	**303,136**	**158,004**	**13,266**	**(8,194)**	**163,076**	**34,196**	**999**	**501,407**
Clinics and disgnostics	*-*	*158,004*	*(45,826)*	*-*	*112,178*	*-*	*-*	*112,178*
Renewable Energy	*173,288*	*-*	*31,040*	*(8,194)*	*22,846*	*27,854*	*999*	*224,987*
Education	*129,848*	*-*	*28,052*	*-*	*28,052*	*6,342*	*-*	*164,242*
Other Portfolio Companies	**224,645**	**-**	**(114,248)**	**-**	**(114,248)**	**161,753**	**1,997**	**274,147**
Equity investments at fair value	**3,616,231**	**-**	**24,623**	**(93,875)**	**(69,252)**	**(352,169)**	**3,817**	**3,198,627**

	31 December 2020	*Value Change*	*Dividends*	*Total gains / (Losses) on investments at fair value*	*Investments***	*Other****	*31 December 2021*
Listed Portfolio Companies	**531,558**	**164,109**	**(14,481)**	**149,628**	**-**	**-**	**681,186**
BoG	*531,558*	*164,109*	*(14,481)*	*149,628*	*-*	*-*	*681,186*
Private Portfolio Companies	**2,376,130**	**592,327**	**(59,881)**	**532,446**	**18,296**	**8,173**	**2,935,045**
Large Portfolio Companies	**1,858,237**	**583,852**	**(39,881)**	**543,971**	**-**	**5,056**	**2,407,264**
Healthcare Services	*571,656*	*171,708*	*(11,545)*	*160,163*	*-*	*-*	*731,819*
Retail (Pharmacy)	*552,745*	*169,100*	*(11,460)*	*157,640*	*-*	*-*	*710,385*
Water utility	*471,148*	*221,179*	*-*	*221,179*	*-*	*4,633*	*696,960*
Insurance (P&C and Medical)	*262,688*	*21,865*	*(16,876)*	*4,989*	*-*	*423*	*268,100*
Of which, P&C Insurance	*197,806*	*28,157*	*(14,881)*	*13,276*	*-*	*423*	*211,505*
Of which, Health Insurance	*64,882*	*(6,292)*	*(1,995)*	*(8,287)*	*-*	*-*	*56,595*
Investment Stage Portfolio Companies	**302,964**	**1,632**	**(20,000)**	**(18,368)**	**17,415**	**1,125**	**303,136**
Renewable Energy	*209,902*	*(21,463)*	*(20,000)*	*(41,463)*	*3,724*	*1,125*	*173,288*
Education	*93,062*	*23,095*	*-*	*23,095*	*13,691*	*-*	*129,848*
Other Portfolio Companies	**214,929**	**6,843**	**-**	**6,843**	**881**	**1,992**	**224,645**
Equity investments at fair value	**2,907,688**	**756,436**	**(74,362)**	**682,074**	**18,296**	**8,173**	**3,616,231**

* Stages refer to Large, Investment and Other portfolio companies (note 5).

** Capital injections in portfolio companies made by JSC GCAP (cash contribution of GEL 26,005 for the year ended 2022, GEL 18,296 in 2021). In 2022 GCAP made non-cash capital contribution to its investments in the form of issued loans conversion into equity in the amount of GEL 169,943.

Divestments represent sale of 80% interest in water utility business. On 2 February 2022 the JSC GCAP completed the first stage in the proposed two-stage transaction, disposal of controlling interest in Georgia Global Utilities JSC (“GGU”) to FCC Aqualia for USD 180 million. Sale proceeds (GEL 548,118) have been received on 2 February 2022.

*** Other investments in portfolio companies.

(Thousands of Georgian Lari)

11. Debt Securities Issued

Debt securities issued comprise:

	31 December 2022	*31 December 2021*
USD denominated Eurobonds	681,067	1,095,433
Debt securities issued	**681,067**	**1,095,433**

In March 2018 JSC Georgia Capital issued a USD 300 million (GEL 734 million) 6.125% notes due in March 2024 denominated in US Dollars which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market (the "Notes"). Notes were sold at the price of 98.770% of par value at the initial offering.

On 16 March 2021, Georgia Capital placed USD 65,000 (GEL 215,826) tap issue, which was consolidated and forms a single series with the Notes. From the tap issue, notes with par value of USD 4,154 (GEL 13,809) were repurchased by Georgia Capital at the issue date. Cash proceeds from the tap issue, net of fees paid, was GEL 212,725.

During 2022, Georgia Capital repurchased own Eurobonds Issued for total consideration of GEL 285,797 (2021: GEL 41,575) and recorded gain on repurchases in the amount of GEL 9,907. In 2022 GCAP cancelled USD 65,000 notes (GEL 180,427). For more details about the transaction, refer to note 2.

Changes in liabilities arising from financing activities

	Debt securities	Lease liabilities
Carrying amount at 31 December 2020	**980,932**	**273**
Cash proceeds	212,725	-
Additions	-	1,100
Redemption and buyback/Cash repayments	(41,575)	(460)
Foreign currency translation	(68,170)	(64)
Other*	11,521	(26)
Carrying amount at 31 December 2021	**1,095,433**	**823**
Redemption and buyback/Cash repayments	(285,797)	(399)
Foreign currency translation	(117,866)	(79)
Gain on Eurobonds repurchases	(9,907)	-
Other*	(796)	40
Carrying amount at 31 December 2022	**681,067**	**385**

** Other movement for debt securities represents change in accrued interest*

12. Equity

Share capital

As at 31 December 2022 issued share capital comprised 12,876,582 authorised common shares (2021: 13,285,616), of which 12,876,582 were fully paid (2021: 13,285,616). Each share has a nominal value of one Georgian Lari. Shares issued and outstanding as at 31 December 2022 and 2021 are described below:

	Number of ordinary shares	*Amount*
1 January 2021	**13,390,989**	**13,391**
Capital Reduction	(105,373)	(105)
31 December 2021	**13,285,616**	**13,286**
Capital Reduction	(409,034)	(409)
31 December 2022	**12,876,582**	**12,877**

(Thousands of Georgian Lari)

12. Equity (continued)

Capital Reduction

During 2022 JSC GCAP bought back from its Parent 409,034 (2021: 105,373) own shares for total consideration of GEL 87,238 (2021: GEL 21,679) (of which cash consideration amounted to GEL 87,238 (2021: GEL 21,679)). All of the repurchased ordinary shares were cancelled. GEL 86,829 (2021: GEL 21,574) difference between GEL 409 (2021: GEL 105) par value of the acquired shares and the consideration transferred was recognized as deduction from additional paid-in capital.

Treasury Shares

Treasury shares consist of GEL 837 (2021: 837) JSC Georgia Capital shares and GEL 123 (2021: 103) shares of Georgia Capital PLC (shareholder) repurchased as a result of management compensation scheme, which are considered as treasury shares for the Group.

In 2021, the Group acquired treasury shares in connection to its share-based compensation plans for total consideration of GEL 34,411 (2021: GEL 6,963).

13. Salaries and Other Employee Benefits, and General and Administrative Expenses

	2022	*2021*
Equity compensation plan costs	(17,900)	(14,040)
Salaries and bonuses	(7,943)	(8,373)
Salaries and other employee benefits	**(25,843)**	**(22,413)**

General and administrative expenses

	2022	*2021*
Legal and other professional services	(2,474)	(2,432)
Insurance	(1,277)	(1,286)
Travel expenses	(765)	(29)
Corporate hospitality and entertainment	(640)	(100)
Operating taxes	(381)	(346)
Repair and maintenance	(239)	(131)
Personnel training and recruitment	(118)	(96)
Office supplies	(83)	(118)
Communication	(79)	(73)
Security	(36)	(30)
Occupancy and rent	(25)	(46)
Banking services	(15)	(12)
Other	(665)	(658)
General and administrative expenses	**(6,797)**	**(5,357)**

(Thousands of Georgian Lari)

14. Impairment of accounts receivable, other assets and provisions

The movements in the allowance for financial assets according to IFRS 9 are as follows:

	Cash and cash equivalents 2022	*Amounts due from credit institutions 2022*	*Marketable Securities 2022*	*Total 2022*
At 1 January	**1**	**151**	**288**	**440**
(Reversal) Charge	1	(130)	(251)	(380)
At 31 December	**2**	**21**	**37**	**60**

	Cash and cash equivalents 2021	*Amounts due from credit institutions 2021*	*Marketable Securities 2021*	*Total 2021*
At 1 January	**10**	**334**	**-**	**344**
(Reversal) Charge	(9)	(183)	288	96
At 31 December	**1**	**151**	**288**	**440**

For debt financial assets, the ECL is based on the 12-month ECL since there has not been a significant increase in credit risk since origination.

15. Share-based Payments

Executives' Equity Compensation Plan

In 2018, Georgia Capital introduced Group's Executives' Equity Compensation Plan ("EECP"). Under the EECP, shares of the parent are granted to senior executives of the parent. In July 2018, the executives signed new five-year fixed contingent share-based compensation agreements with a total of 1,650,000 ordinary shares of Georgia Capital PLC. The total amount of shares fixed to each executive will be awarded in five equal instalments during the five consecutive years starting January 2019, of which each award will be subject to a six-year vesting period subject to continued employment within the Group during such vesting period. In 2022, newly appointed executives signed five-year fixed contingent share-based compensation agreements with a total of 215,000 ordinary shares of Georgia Capital PLC. In October 2022 CEO contract maturity was extended until 31 December 2025 from May 2023, extending fixed contingent share-based compensation with additional 518,357 ordinary shares of Georgia capital. The fair value of the shares is determined at the grant date using available market quotations.

At the sole discretion of the Board, executives are also awarded additional ordinary shares of Georgia Capital PLC (discretionary securities). Each award is subject to a four-year or five-year vesting period subject to continued employment within the Group during such vesting period.

In 2018 the Group set up Executive Equity Compensation Trustee – Sanne Fiduciary Services Limited (the "Trustee") which acts as the trustee of the Group's Executives' Equity Compensation Plan ("EECP"). In 2022 the Trustee has repurchased 1,190,522 (2021: 119,162) shares. Trustee is considered as an extension of the Company rather than as a separate entity.

The following table illustrates the number and weighted average prices of, and movements in, shares awards granted to the senior executives of the Group during the year:

	2022	*2021*
Shares outstanding at 1 January	**1,940,788**	**1,799,035**
Granted during the year	1,042,624	348,434
Vested during the year	(358,424)	(206,681)
Shares outstanding at 31 December	**2,624,988**	**1,940,788**

(Thousands of Georgian Lari)

15. Share-based Payments (continued)

In addition to Executives' Equity Compensation Plan, the Group grants shares of the parent to the employees of the Group. Number of shares granted and vested during 2022 amounted to 212,641 (2021: 162,417) and 112,083 (2021: 57,944) respectively.

The weighted average remaining contractual life for the share awards outstanding as at 31 December 2022 was 2.4 years (2021: 2.1 years).

The weighted average fair value of shares granted during the year was GEL 22.8 (2021: GEL 24). The weighted average fair value of shares vested was GEL 29.74 (2021: 24).

Expense recognition:

The expense recognised for employee services received during the year and the respective increase in equity arising from equity-settled share-based payments is shown in the following table:

	2022	*2021*
Increase in equity arising from equity-settled share-based payments	20,794	18,452
Expense arising from equity-settled transactions	17,900	14,548

16. Risk Management

Introduction

Risk is inherent in the Group's activities but it is managed through a process of on-going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to investment risk, credit risk, liquidity risk and market risk. It is also subject to operational risks and insurance risk.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

All non-executive Board members of Georgia Capital PLC are also members of Supervisory Board of JSC Georgia Capital. JSC Georgia Capital established Audit and Valuation, Investment and Remuneration Committees with the same terms of reference and the same members as those of Georgia Capital PLC. As such, all relevant decisions of Audit and Valuation, Investment and Remuneration Committees of Georgia Capital PLC apply to the Group.

Risk management structure

Audit and Valuation Committee

The Audit and Valuation Committee of Georgia Capital assists the Management Board of the Group in relation to the oversight of the Group's financial and reporting processes. It monitors the integrity of the financial statements and is responsible for governance around both the internal audit function and external auditor, reporting back to the Board. It reviews the effectiveness of the policies, procedures and systems in place related to, among other operational risks, compliance, IT and IS (including cyber-security) and assessed the effectiveness of the risk management and internal control framework.

It is responsible for reviewing and approving half-yearly and annual valuations of the Company's portfolio investments prepared and presented to it by the Management Board. The Committee will ensure that the Valuation Policy complies with the obligations within any agreements in place, legislation, regulations, guidance and other policies of the Company.

16. Risk Management (continued)

Introduction (continued)

Investment Committee

The Investment Committee ensures a centralised process-led approach to investment; and the over-riding priority is to protect the Group's long-term viability and reputation and produce sustainable, medium to long-term cash-to-cash returns. It oversights each step of the investment lifecycle, approves all investment, divestment and material portfolio decisions and ensures that investments are in line with Group's investment policy and risk appetite.

Management Board

The Management Board of Georgia Capital has overall responsibility for the Group's asset, liability and risk management activities, policies and procedures. The Management Board comprises of senior manager of GCAP PLC and JSC GCAP. In order to effectively implement the risk management system, the Board of Directors delegate individual risk management functions to the Management Board, which in turn assigns specific functions to the various decision-making and execution bodies within the portfolio entities of JSC Georgia Capital.

Internal Audit

The Internal Audit Department of Georgia Capital is responsible for the annual audit of the Group's risk management, internal control and corporate governance processes, with the aim of reducing the levels of operational and other risks, auditing the Group's internal control systems and detecting any infringements or errors on the part of the Group's departments and divisions. It examines both the adequacy of and the Group's compliance with those procedures. The Group's Internal Audit Department discusses the results of all assessments with management, and reports its findings and recommendations to the Audit and Valuation Committee.

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on different forecasting models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries and countries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board.

Risk mitigation

As part of its overall risk management, the Group may use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions. Risks at portfolio company level are mitigated by instruments applicable to specific industries they operate in.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. Credit terms by debtors, for various portfolio companies are managed and monitored separately, given industry specifics in which respective entities operate.

(Thousands of Georgian Lari)

16. Risk Management (continued)

Credit risk (continued)

Liquid financial instruments

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The table below demonstrates the Group's financial assets credit risk profile by external rating grades:

	31 December 2022						
	A+toA-	***BB+toBB-***	***B+toB-***	***CC+toCC-***	***C+toC-***	***D+toD-***	***Not graded***
Cash and cash equivalents	71,066	105,541	23,164	-	-	-	-
Amounts due from credit institutions	-	16,278	-	-	-	-	-
Marketable securities	-	1,183	23,540	262	190	270	-
Investment in redeemable securities (note 8)	-	-	-	-	-	-	12,631
Loans issued (note 9)**	-	-	-	-	-	-	26,830
Other assets*,**	-	-	-	-	-	-	369
Total	**71,066**	**123,002**	**46,704**	**262**	**190**	**270**	**39,830**

	31 December 2021		
	BB+toBB-	***B+toB-***	***Not graded***
Cash and cash equivalents	75,622	14,092	-
Amounts due from credit institutions	-	35,667	-
Marketable securities	28,571	51,145	-
Investment in redeemable securities (note 8)	-	-	17,849
Loans issued (note 9)**	-	-	154,214
Other assets*,**	-	-	6,268
Total	**104,193**	**100,904**	**178,331**

* Not graded Other assets represents fee receivable from guarantee issued to a portfolio company, with nominal amount of GEL 18,460 as at 31 December 2022 (2021: GEL 55,297), refer to note 19.
** Assessed internally. For fair value measurement and sensitivity analysis refer to Notes 8 and 17, respectively.

Credit quality per class of financial assets

The credit quality of financial assets is also managed by the Group based on the number of overdue days. None of the Group's financial assets are past due as at 31 December 2022 and 2021.

No significant increase in credit risk since initial recognition occurred in respect of the Group's financial assets as at 31 December 2022 and 2021.

The Group's maximum exposure to credit risk is limited to carrying value of respective financial assets and to notional amount of guarantees issued.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its capital, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a regular basis. This incorporates daily monitoring of expected cash flows and liquidity needs.

In addition, Group at all times holds USD 50 million liquid asset buffer at Georgian parent company level, where liquid assets are defined as marketable debt securities, cash at bank and short-term and long-term deposits with financial institutions.

(Thousands of Georgian Lari)

16. Risk Management (continued)

Liquidity risk (continued)

The Group manages the maturities of its assets and liabilities for better matching, which helps the Group additionally mitigate the liquidity risk. Maturities of assets and liabilities of JSC Georgia Capital and each portfolio entities are managed separately. The major liquidity risks confronting the Group are the daily calls on its available cash resources in respect of supplier contracts and the maturity of borrowings.

Georgia Capital does not have any formal capital or debt commitments to its portfolio companies, with exception to an EUR 6 million (31 December 2021: EUR 16 million) financial guarantee issued to a portfolio company. Management has assessed the probability of this guarantee being exercised as remote (note 19).

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. Repayments, which are subject to notice, are treated as if notice were to be given immediately.

Financial liabilities 31 December 2022	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***Total***
Debt securities issued	20,633	20,633	694,349	735,615
Accounts payable	917	-	-	917
Financial guarantees	18,460	-	-	18,460
Other financial liabilities	58	4,742	97	4,897
Total undiscounted financial liabilities	**40,068**	**25,375**	**694,446**	**759,889**

Financial liabilities 31 December 2021	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***Total***
Debt securities issued	33,379	33,379	1,190,061	1,256,819
Accounts payable	839			839
Financial guarantees	55,297	-	-	55,297
Other financial liabilities	17,814	5,980	488	24,282
Total undiscounted financial liabilities	**107,329**	**39,359**	**1,190,549**	**1,337,237**

Market risk

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Group has exposure to market risks. The Group structures the levels of market risk it accepts through a Group market risk policy that determines what constitutes market risk for the Group.

Interest rate risk affects fair values of assets measured at fair value through profit or loss. For sensitivities of fair value please, refer to note 17.

Price risk

Equity securities price risk arises from investment for which price in the future is uncertain. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the Georgian Lari, the price initially expressed in foreign currency and then converted into Georgian Lari will also fluctuate because of changes in foreign exchange rates. For details on currency risk management, refer to respective paragraph below.

If the price of our listed investment increased by 10% (2021: 10%) GCAP's profit for the year and NAV would have increased by GEL 83,046 (2021: GEL 68,118). If the price of our listed investment decreased by 10% (2021: 10%) GCAP's profit for the year and NAV would have decreased by GEL 83,046 (2021: GEL 68,118). As a result, GCAP's NAV would have increased by 3% (2021: 2%) or decreased by 3% (2021: 2%).

Sensitivity analysis of private portfolio companies are presented in note 17.

(Thousands of Georgian Lari)

16. Risk Management (continued)

Market risk (continued)

Currency risk

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group's principal transactions are carried out in Georgian Lari and its exposure to foreign exchange risk arises primarily with respect to US Dollar.

The currency risk management process is an integral part of the Group's activities; currency risk is managed through regular and frequent monitoring of the Group's currency positions and through timely and efficient elaboration of responsive actions and measures.

The tables below indicate the currencies to which the Group had significant exposure at 31 December 2022 and 31 December 2021 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Georgian Lari, with all other variables held constant on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The reasonably possible movement of the currency rate against the Georgian Lari is calculated as a standard deviation of daily changes in exchange rates over the twelve months. 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.

Currency	*Change in currency rate in %*	*Effect on profit before tax*	*Change in currency rate in %*	*Effect on profit before tax*
	2022		*2021*	
EUR	+13.4%	2,348	+8.6%	3,532
GBP	+15.1%	1,812	+9.5%	-
USD	+10.9%	(60,477)	+6.4%	(53,050)

Operating environment

Most of the Group's portfolio investments is concentrated in Georgia. As an emerging market, Georgia does not possess a well-developed business and regulatory infrastructure that would generally exist in a more mature market economy. Operations in Georgia may involve risks that are not typically associated with those in developed markets (including the risk that the Georgian Lari is not freely convertible outside the country, and undeveloped debt and equity markets). However, over the last few years the Georgian government has made a number of developments that positively affect the overall investment climate of the country, specifically implementing the reforms necessary to create banking, judicial, taxation and regulatory systems. This includes the adoption of a new body of legislation (including new Tax Code and procedural laws). In the view of the Board, these steps contribute to mitigate the risks of doing business in Georgia.

The existing tendency aimed at the overall improvement of the business environment is expected to persist. The future stability of the Georgian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government. However, the Georgian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

Georgia has elaborated climate change strategy. Georgia's 2030 Climate Change Strategy and Action Plan (Climate Change Strategy and Action Plan – CSAP, Climate Action Plan – CAP) are a planning and implementation mechanism for coordinated effort and planning towards meeting the nationally determined targets for climate change mitigation.

Capital Management

Management monitors the Group's capital on a regular basis based on statement of Net Asset Value (NAV) prepared on fair value bases, same as equity attributable to the shareholder of JSC Georgia Capital as at 31 December 2021 in the amount of GEL 2,795,060 (2021: GEL 2,881,373). Net Asset Value (NAV) statement, which breaks down NAV into its components, including fair values for the private businesses and follows changes therein, providing management with a snapshot of the Group's financial position at any given time. NAV statement provides a value of Georgia Capital that management uses as a tool for measuring its investment performance. Management closely monitors NAV in connection with capital allocation decisions.

(Thousands of Georgian Lari)

16. Risk Management (continued)

Capital Management (continued)

The capital management objectives are as follows:

- to maintain the required level of stability of the Group thereby providing a degree of security to the shareholders;
- to manage capital needs such that Group does not depend on potentially premature liquidation of it's listed investments;
- to allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders; and
- to maintain financial strength to support new business growth and to satisfy the shareholder's requirements.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants if any. To maintain or adjust the capital structure, the Group may adjust the amount of outstanding equity.

17. Fair Value Measurements

Fair value hierarchy

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability. The following tables show analysis of assets and liabilities measured at fair value or for which fair values are disclosed by level of the fair value hierarchy:

31 December 2022	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Marketable securities	1,183	24,262	-	25,445
Investment in redeemable securities	-	-	12,631	12,631
Equity investments at fair value	830,463	155,000	2,213,164	3,198,627
Listed portfolio companies	*830,463*	-	-	*830,463*
Observable portfolio companies	-	*155,000*	-	*155,000*
Private portfolio companies	-	-	*2,213,164*	*2,213,164*
Loans issued	-	-	26,830	26,830
Assets for which fair values are disclosed				
Amounts due from credit institutions	-	16,278	-	16,278
Accounts receivable	-	-	109	109
Liabilities for which fair values are disclosed				
Debt securities issued	-	650,308	-	650,308

31 December 2021	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Marketable securities	30,420	49,296	-	79,716
Investment in redeemable securities	-	-	17,849	17,849
Equity investments at fair value	681,186	696,960	2,238,085	3,616,231
Listed portfolio companies	*681,186*	-	-	*681,186*
Observable portfolio companies	-	*696,960*	-	*696,960*
Private portfolio companies	-	-	*2,238,085*	*2,238,085*
Loans issued	-	-	154,214	154,214
Assets for which fair values are disclosed				
Amounts due from credit institutions	-	35,667	-	35,667
Accounts receivable	-	-	96	96
Liabilities for which fair values are disclosed				
Debt securities issued	-	1,129,354	-	1,129,354

17. Fair Value Measurement (continued)

Valuation techniques

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

Equity Investments in Listed and Observable Portfolio Companies

Equity instruments listed on an active market are valued at the price within the bid/ask spread, that is most representative of fair value at the reporting date, which usually represents the closing bid price. The instruments are included within Level 1 of the hierarchy. Listed and observable portfolio also includes instruments for which there is a clear exit path from the business, e.g. through a put and/or call options at pre-agreed multiples. In such cases, pre-agreed terms are used for valuing the company.

Equity Investments in Private Portfolio Companies

Large portfolio companies – An independent third-party valuation firm is engaged to assess fair value ranges of large private portfolio companies at the reporting date starting from 31 December 2020. The independent valuation company has extensive relevant industry and emerging markets experience. Valuation is performed by applying several valuation methods including an income approach based mainly on discounted cash flow and a market approach based mainly on listed peer multiples (the DCF and listed peer multiples approaches applied are described below for the other portfolio companies). The different valuation approaches are weighted to derive a fair value range, with the income approach being more heavily weighted than the market approach. Management selects what is considered to be the most appropriate point in the provided fair value range at the reporting date.

Investment stage portfolio companies – An independent third-party valuation firm is engaged to assess fair value ranges of investment stage private portfolio companies at the reporting date starting from 30 June 2022 (31 December 2021 – was valued internally in line with the methodology described below for other portfolio companies). The independent valuation company has extensive relevant industry and emerging markets experience. Valuation is performed by applying several valuation methods including an income approach based mainly on discounted cash flow and a market approach based mainly on listed peer multiples (the DCF and listed peer multiples approaches applied are substantially identical to those described below for the other portfolio companies). The different valuation approaches are weighted to derive a fair value range, with the income approach being more heavily weighted than the market approach. Management selects what is considered to be the most appropriate point in the provided fair value range at the reporting date.

Other portfolio companies – fair value assessment is performed internally as described below.

Equity investments in private portfolio companies are valued by applying an appropriate valuation method, which makes maximum use of market-based public information, is consistent with valuation methods generally used by market participants and is applied consistently from period to period, unless a change in valuation technique would result in a more reliable estimation of fair value.

The value of an unquoted equity investment is generally crystallised through the sale or flotation of the entire business. Therefore, the estimation of fair value is based on the assumed realisation of the entire enterprise at the reporting date. Recognition is given to the uncertainties inherent in estimating the fair value of unquoted companies and appropriate caution is applied in exercising judgments and in making the necessary estimates.

17. Fair Value Measurement (continued)

Valuation techniques (continued)

The fair value of equity investments is determined using one of the valuation methods described below:

Listed Peer Group Multiples

This methodology involves the application of a listed peer group earnings multiple to the earnings of the business and is appropriate for investments in established businesses and for which the Company can determine a group of listed companies with similar characteristics.

The earnings multiple used in valuation is determined by reference to listed peer group multiples appropriate for the period of earnings calculation for the investment being valued. The Company identifies a peer group for each equity investment taking into consideration points of similarity with the investment such as industry, business model, size of the company, economic and regulatory factors, growth prospects (higher growth rate) and risk profiles. Some peer-group companies' multiples may be more heavily weighted during valuation if their characteristics are closer to those of the company being valued than others.

As a rule of thumb, last 12-month earnings will be used for the purposes of valuation as a generally accepted method. Earnings are adjusted where appropriate for exceptional, one-off or non-recurring items.

a. Valuation based on enterprise value

Fair value of equity investments in private companies can be determined as their enterprise value less net financial debt (gross face value of debt less cash) appearing in the most recent Financial Statements.

Enterprise value is obtained by multiplying measures of a company's earnings by listed peer group multiple (EV/EBITDA) for the appropriate period. The measures of earnings generally used in the calculation is recurring EBITDA for the last 12 months (LTM EBITDA). In exceptional cases, where EBITDA is negative, peer EV/Sales (enterprise value to sales) multiple can be applied to last 12-month recurring/adjusted sales revenue of the business (LTM sales) to estimate enterprise value.

Once the enterprise value is estimated, the following steps are taken:

- Net financial debt appearing in the most recent financial statements is subtracted from the enterprise value. If net debt exceeds enterprise value, the value of shareholders' equity remains at zero (assuming the debt is without recourse to Georgia Capital).

The resulting fair value of equity is apportioned between Georgia Capital and other shareholders of the company being valued, if applicable. Valuation based on enterprise value using peer multiples is used for businesses within non-financial industries.

b. Equity fair value valuation

Fair value of equity investment in companies can also be determined as using price to earnings (P/E) multiple of similar listed companies.

The measure of earnings used in the calculation is recurring adjusted net income (net income adjusted for non-recurring items and forex gains/ losses) for the last 12 months (LTM net income). The resulting fair value of equity is allocated between Georgia Capital and other shareholders of the portfolio company, if any. Fair valuation of equity using peer multiples can be used for businesses within financial sector (e.g. insurance companies).

Discounted cash flow

Under the discounted cash flow (DCF) valuation method, fair value is estimated by deriving the present value of the business using reasonable assumptions of expected future cash flows and the terminal value, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the business. The discount rate is estimated with reference to the market risk-free rate, a risk adjusted premium and information specific to the business or market sector. Under the discounted cash flow analysis unobservable inputs are used, such as estimates of probable future cash flows and an internally-developed discounting rate of return.

Net Asset Value

The net assets methodology involves estimating fair value of an equity investment in a private portfolio company based on its book value at reporting date. This method is appropriate for businesses (such as real estate) whose value derives mainly from the underlying value of its assets and where such assets are already carried at their fair values (fair values determined by professional third-party valuation companies) on the balance sheet.

17. Fair Value Measurement (continued)

Valuation techniques (continued)

Price of recent investment
The price of a recent investment resulting from an orderly transaction, generally represents fair value as of the transaction date. At subsequent measurement dates, the price of a recent investment may be an appropriate starting point for estimating fair value. However, adequate consideration is given to the current facts and circumstances to assess at each measurement date whether changes or events subsequent to the relevant transaction imply a change in the investment's fair value.

Exit price
Fair value of a private portfolio company in a sales process, where the price has been agreed but the transaction has not yet settled, is measured at the best estimate of expected proceeds from the transaction, adjusted pro-rata to the proportion of shareholding sold.

Validation

Fair value of investments estimated using one of the valuation methods described above is cross-checked using several other valuation methods as follows:

- Listed peer group multiples – peer multiples such as P/E, P/B (price to book) and dividend yield are applied to the respective metrics of the investment being valued depending on the industry of the company. The Company develops fair value range based on these techniques and analyses whether fair value estimated above falls within this range.
- Discounted cash flow (DCF) – The discounted cash flow valuation method is used to determine fair value of equity investment. Based on DCF, the Company might make upward or downward adjustment to the value of valuation target as derived from primary valuation method. If fair value estimated using discounted cash flow analysis significantly differs from the fair value estimate derived using primary valuation method, the difference is examined thoroughly, and judgement is applied in estimating fair value at the measurement date.
- In line with our strategy, from time to time, we may receive offers from interested buyers for our private portfolio companies, which would be considered in the overall valuation assessment, where appropriate.

Valuation process for Level 3 valuations

Georgia Capital hired third-party valuation professionals to assess fair value of the large private portfolio companies as at 31 December 2021. Starting from 2022 third-party valuation professionals are hired to assess fair value of the investment stage private portfolio companies as well. As of 31 December 2022 such businesses include Hospitals, P&C insurance, Retail (Pharmacy), Medical Insurance, Clinics & Diagnostics, Renewable energy, Education. The valuation is performed by applying several valuation methods that are weighted to derive fair value range, with the income approach being more heavily weighted than market approach. Management selects most appropriate point in the provided fair value range at the reporting date. Fair values of investments in other private portfolio companies are assessed internally in accordance with Georgia Capital's valuation methodology by the Valuation Workgroup.

Georgia Capital's Management Board proposes fair value to be placed at each reporting date to the Audit and Valuation Committee. Audit and Valuation Committee is responsible for the review and approval of fair values of investments at the end of each reporting period.

Description of significant unobservable inputs to level 3 valuations

The approach to valuations as of 31 December 2022 was consistent with the Group's valuation process and policy. Management continues to monitor the impact of COVID-19 pandemic and Russia-Ukraine war on the valuation of portfolio companies.

In addition, management analyses the impact of climate change on the valuations, such as by incorporation of known effects of climate risks to the future cash flow forecasts or through adjusting peer multiples the known differences in the climate risk exposure as compared to the investment being fair valued. As at 31 December 2022, the management concluded that the effects of the climate risks are reflected in the peer multiples and discount rates used in the valuations and that no specific adjustments are required in relation of the Group's investment portfolio measurement and respective fair value sensitivity disclosures.

(Thousands of Georgian Lari)

17. Fair Value Measurement (continued)

Description of significant unobservable inputs to level 3 valuations (continued)

The following tables show descriptions of significant unobservable inputs to level 3 valuations of equity investments:

31 December 2022

Description	*Valuation technique*	*Unobservable input*	*Range* [implied multiple**]*	*Fair value*
Loans Issued	DCF	Discount rate	5.5%-16.5%	*26,830*
Equity investments at fair value				
Large portfolio				*1,437,610*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.1x-20.9x [9.1x]	*724,517*
Hospitals	*DCF, EV/EBITDA*	EV/EBITDA multiple	7.5x-14.2x [12.2x]	*433,193*
P&C insurance	*DCF, P/E*	P/E multiple	7.0x-37.0x [10.7x]	*228,045*
Medical insurance	*DCF, P/E*	P/E multiple	10.3x-11.8x [10.6x]	*51,855*
Investment stage				*501,407*
Clinics and diagnostics	*DCF, EV/EBITDA*	EV/EBITDA multiple	7.9x-14.2x [16.5x]	*112,178*
Renewable energy	DCF, EV/EBITDA	EV/EBITDA multiple	8.1x-20.9x [11.4x]	*224,987*
Education	DCF, EV/EBITDA	EV/EBITDA multiple	7.6x-39.3x [16.9x]	*164,242*
Other	Sum of the parts	EV/EBITDA multiples Cashflow probability NAV multiple	2.0x-16.8x [6.3x-10.0x] [90%-100%] [0.9x]	*274,147*

31 December 2021

Description	*Valuation technique*	*Unobservable input*	*Range* [implied multiple**]*	*Fair value*
Loans Issued	DCF	Discount rate	5.5%-16%	*154,214*
Equity investments at fair value				
Large portfolio				*2,407,264*
Healthcare services	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.9x-22.6x [10.3x]	*731,819*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.8x-19.9x [9.3x]	*710,385*
Water utility	Exit price	N/A	N/A	*696,960*
P&C insurance	*DCF, P/E*	P/E multiple	8.0x-28.7x [12.0x]	*211,505*
Medical insurance	*DCF, P/E*	P/E multiple	9.7x-16.6x [15.0x]	*56,595*
Investment stage				*303,136*
Renewable energy	Sum of the parts	EV/EBITDA multiple	10.1x-19.6x [9.2x-12.5x]	*173,288*
Education	EV/EBITDA	EV/EBITDA multiple	7.3x-21.7x [12.5x]	*129,848*
Other	Sum of the parts	EV/EBITDA multiples EV/Sales multiple Cashflow probability NAV multiple	1.1x-17.1x [4.8x-9.8x] 1.1x-2.7x [1.9x] [90%-100%] [0.9x]	*224,645*

**For equity investments at fair value the range refers to LTM multiples of listed peer group companies, prior to any adjustments.*
***Implied multiples are derived by dividing selected value of the company by respective LTM earnings measure.*

17. Fair Value Measurement (continued)

Description of significant unobservable inputs to level 3 valuations (continued)

Georgia Capital hired third-party valuation professionals to assess fair value of the large and investment stage private portfolio companies as at 31 December 2022 and 31 December 2021 including P&C insurance, Hospitals, Retail (Pharmacy), Medical Insurance and Clinics and Diagnostics. Starting from 30 June 2022, fair value assessment for Renewable Energy and Education businesses are performed by third-party valuation professionals as well. The valuation is performed by applying several valuation methods that are weighted to derive fair value range, with the income approach being more heavily weighted than market approach. Management selects most appropriate point in the provided fair value range at the reporting date.

On 31 December 2021, Georgia Capital signed SPA to dispose 80% interest in Water Utility business (2021: costs related to the transaction were GEL 19,058), which was previously included within the large private portfolio companies. As at 31 December 2022 the remaining 20% interest in Water Utility business was valued using the pre-agreed put option multiple in reference to the signed contract with the buyer as GCAP has a clear exit path from the business through a put and call structure at pre-agreed EBITDA multiples.

Comprehensive analysis was performed to determine the impact of the Russia-Ukraine war on the private portfolio valuations. During the analysis, the impact of the war on discount rates was estimated and changes in listed peer multiples and overall movement in emerging and regional markets were reviewed. Uncertainties surrounding the geopolitical tensions translated into an increase in discount rates and reduced listed peer multiples and were reflected accordingly in the private portfolio companies' valuations, where applicable.

As at 31 December 2022, several portfolio companies (Hospitals, Clinics, P&C Insurance, together "Defendants") were engaged in litigation that has been ongoing since 2015 with some of the former shareholders of Insurance Company Imedi L ("Claimants") in relation to the acquisition price of the business. Former shareholders claim that their 66% shares in Insurance Company Imedi L were sold under duress at a price below market value in 2012. Since the outset, GHG and Aldagi have vigorously defended their position that the claims are wholly without merit. Defendants won the case in Tbilisi City Court in 2018. The Claimants appealed against the court decision and in January 2020, Tbilisi Court of Appeals decided to return the case back to Tbilisi City Court for further analysis of the circumstances of the case, this decision was sustained by Supreme Court in February 2022 as well. In July 2022, Tbilisi City Court partially satisfied the Claimants and ruled that claims in the amount of USD 12.7 million principal amount plus an annual 5% interest charge as lost income (USD 21 million in total) should be paid. Defendants believe that no new evidence has been submitted and that there is no sound basis upon which to have reversed the initial ruling. Defendants have appealed the decision and continue to vigorously defend their position, they are confident that they will prevail, accordingly defendants have not made a provision for a potential liability in their financial statements. Management shares Defendants' assessment of the merits of the case and considers that the probability of incurring losses on this claim is low, accordingly, fair values of portfolio companies do not take into account a potential liability in relation to this litigation.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

In order to determine reasonably possible alternative assumptions the Group adjusted key unobservable model inputs. The Group adjusted the inputs used in valuation by increasing and decreasing them within a range, which is considered by the Group to be reasonable. All sensitivities disclosed below (except for loans issued) refer to sensitivity of private portfolio company valuations as neither listed, nor observe portfolio valuations are within level 3.

If the interest rate for each individual loan issued to equity investments as at 31 December 2022 decreased by 1.1-3.3 percentage points (2021: 1.1-3.2 percentage points), the amount of loans issued would have decreased by GEL 150 or 0.6% (2021: GEL 2,669 or 1.7%). If the interest rates increased by 1.1-3.3 percentage points (2021: 1.1-3.2 percentage points) then loans issued would have increased by GEL 148 or 0.6% (2021: GEL 2,282 or 1.5%).

If the listed peer multiples used in the market approach to value unquoted investments as at 31 December 2022 decreased by 10% (2021: 10%), value of equity investments at fair value would decrease by GEL 71 million or 2% (2021: GEL 110 million or 3%). If the multiple increased by 10% (2021: 10%) then the equity investments at fair value would increase by GEL 71 million or 2% (2021: GEL 121 million or 3%).

(Thousands of Georgian Lari)

17. Fair Value Measurement (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy (continued)

If the discount rates used in the income approach to value unquoted investments decreased by 50 basis points (2021: 50 basis points), the value of equity investments at fair value would increase by GEL 75 million or 2% (2021: GEL 90 million or 2%). If the discount rates increased by 50 basis points (2021: 50 basis points) then the equity investments at fair value would decrease by GEL 71 million or 2% (2021: GEL 80 million or 2%). If the discount rate decreased by 100 basis points, the value of equity investments at fair value would increase by GEL 155 million or 5% (31 December 2021: GEL 189 million or 5%). If the discount rate increased by 100 basis points then the equity investments at fair value would decrease by GEL 138 million or 4% (31 December 2021: GEL 156 million or 4%).

If the multiple used to value unquoted investments valued on NAV and recent transaction price basis as at 31 December 2022 decreased by 10% (2021: 10%), value of equity investments at fair value would decrease by GEL 11 million or 0.3% (2021: GEL 7 million or 0.2%). If the multiple increased by 10% then the equity investments at fair value would increase by GEL 11 million or 0.3% (2021: GEL 7 million or 0.2%).

As set out in the description of significant unobservable inputs to level 3 valuations the valuations have been prepared on the basis that climate change risks are reflected in the peer multiples and discount rates. Therefore, the sensitivities noted above in respect of peer multiples and discount rates include the risk arising from climate change.

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the consolidated statement of financial position at amortised cost. The table does not include the fair values of non-financial assets and non-financial liabilities, or fair values of other smaller financials assets and financial liabilities, fair values of which are materially close to their carrying values.

	Carrying value 31 December 2022	*Fair value 31 December 2022*	*Unrecognised gain (loss) 31 December 2022*	*Carrying value 31 December 2021*	*Fair value 31 December 2021*	*Unrecognised gain (loss) 31 December 2021*
Financial assets						
Cash and cash equivalents	199,771	199,771	-	89,714	89,714	-
Amounts due from credit institutions	16,278	16,278	-	35,667	35,667	-
Financial liabilities						
Debt securities issued	681,067	650,308	30,759	1,095,433	1,129,354	(33,921)
Total unrecognised change in unrealised fair value			**30,759**			**(33,921)**

Movements in level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of level 3 financial assets which are recorded at fair value:

	At 31 December 2021	*PL movement**		*Investments and Divestments*	*Other changes***	*Loans issued*	*Loans repaid*	*At 31 December 2022*
		realized	*unrealized*					
Level 3 financial assets								
Loans issued	154,214	3,422	(18,654)	-	(167,358)	281,652	(226,446)	26,830
Equity investments at fair value - Private Portfolio	2,238,085	52,977	(224,687)	195,949	(49,160)	-	-	2,213,164

(Thousands of Georgian Lari)

17. Fair Value Measurement (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy (continued)

Movements in level 3 financial instruments measured at fair value (continued)

	At 31 December 2020	PL movement* realized	PL movement* unrealized	Investments	Other changes **	Transfer between levels***	Loans issued	Loans repaid	At 31 December 2021
Level 3 financial assets									
Loans issued	108,983	5,057	(5,227)	-	(5,057)		52,315	(1,857)	154,214
Equity investments at fair value - Private Portfolio	2,376,130	59,881	532,446	18,296	(51,708)	(696,960)	-	-	2,238,085

** PL movement represents gain on revaluation of call option, interest income and foreign exchange gain on loans issued and fair value loss and dividend income on investments at fair value.*
*** Other changes for loans issued represent interest repayment and loans conversion into the equity of private portfolio companies and for equity investments at fair value – dividends and other investments (note 10).*
**** Investment in Water Utility business with fair value of GEL 696,960 as at 31 December 2021 was transferred from Level 3 to Level 2 of fair value hierarchy as it's valuation at that date is based on an observable input being the exit price as per the SPA executed on 31 December 2021.*

18. Maturity Analysis

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

	31 December 2022			*31 December 2021*		
	Less than 1 Year	*More than 1 Year*	*Total*	*Less than 1 Year*	*More than 1 Year*	*Total*
Cash and cash equivalents	199,771	-	199,771	89,714	-	89,714
Amounts due from credit institutions	16,278	-	16,278	35,667	-	35,667
Marketable securities*	25,445	-	25,445	79,716	-	79,716
Investment in redeemable securities	12,631	-	12,631	17,849	-	17,849
Accounts receivable	109	-	109	96	-	96
Prepayments	610	-	610	680	-	680
Loans issued	5,730	21,100	26,830	16,933	137,281	154,214
Property and equipment	-	391	391	-	410	410
Intangible assets	-	109	109	-	84	84
Other assets	348	784	1,132	104	7,101	7,205
Equity investments at fair value	-	3,198,627	3,198,627	557,568	3,058,663	3,616,231
Total assets	**260,922**	**3,221,011**	**3,481,933**	**798,327**	**3,203,539**	**4,001,866**
Accounts payable	917	-	917	839	-	839
Debt securities issued	10,911	670,156	681,067	20,839	1,074,594	1,095,433
Other liabilities	4,539	350	4,889	23,421	800	24,221
Total liabilities	**16,367**	**670,506**	**686,873**	**45,099**	**1,075,394**	**1,120,493**
Net	**244,555**	**2,550,505**	**2,795,060**	**753,228**	**2,128,145**	**2,881,373**

**Internationally and locally listed debt and equity investments and investment in redeemable shares are allocated to "less than 1 year" rather than based on contractual maturity.*

(Thousands of Georgian Lari)

19. Related Party Disclosures

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties disclosed below have been conducted on an arm's length basis.

The volumes of related party transactions, outstanding balances year end, and related expenses and income for the period are as follows:

	31 December 2022		*31 December 2021*	
	Management*	***Equity Investments*****	***Management****	***Equity Investments*****
Assets				
Marketable securities	-	3,194	-	18,499
Investment in redeemable securities	-	12,631	-	17,849
Prepayments	-	484	-	563
Loans issued (note 9)	-	26,830	-	154,214
Other assets	-	369	-	6,268
	-	**43,508**	**-**	**197,393**
Liabilities				
Debt securities issued	4,053	-	5,272	-
Financial guarantees provided (notional value)	-	18,460	-	55,297
Other liabilities	-	350	-	699
	4,053	**18,810**	**5,272**	**55,996**

	2022		*2021*	
	Management*	***Equity Investments*****	***Management****	***Equity Investments*****
Income and expenses				
Dividend income	-	52,977	-	59,881
Administrative expenses	-	(1,240)	-	(1,286)
Interest income at EIR method	-	11,342	-	12,956
Other interest income	-	899	-	1,356
Interest expense	(287)	(35)	(336)	(43)
	(287)	**63,943**	**(336)**	**72,864**

** Management of JSC Georgia Capital consist of 5 executives and 6 members of supervisory board (2021: 4 executives and 6 members of supervisory board).*
*** Equity investments comprise of investees of JSC Georgia Capital. Private portfolio companies as at 31 December 2022 and 31 December 2021 also represent balances with related parties (note 10).*

Compensation of key management personnel comprised the following:

	2022	**2021**
Salaries and other benefits	(2,579)	(2,566)
Share-based payments compensation	(16,734)	(11,115)
Total key management compensation	**(19,313)**	**(13,681)**

Key management personnel do not receive cash settled compensation, except for fixed salaries. The major part of the total compensation is share-based. The number of key management personnel at 31 December 2022 was 11 (2021: 10).

(Thousands of Georgian Lari)

20. Events after Reporting Period

Expansion of Education Business

On March 3 Georgia Capital announced the expansion of K-12 education business through two investment projects: (1) The acquisition of a new campus in the affordable segment. With this investment, the education business will expand from its current built capacity of 5,650 learners to 6,850 learners; (2) The signing of a binding agreement for the acquisition of a land plot for the expansion of an operational campus in the premium and international segment. This acquisition, once completed, will increase the total pipeline capacity for 2025 by 350 learners, in total from 2,410 learners to 2,760 learners.

Sale of Share in Listed Portfolio

During 1Q23 Georgia Capital sold 239,867 shares of Bank of Georgia Group PLC for total consideration of GEL 21,226. As a result, subsequent holding of GCAP in BoG stands at 20.2%.

JSC Georgia Capital

The Group's Management Report

2022

The Group’s Management Report

Introduction

This document incorporates the essential components related to JSC Georgia Capital (“Georgia Capital”, “GCAP”) such as the review of the activities, achievements based on factual indicators, development outlooks, vision and future plans. It also describes the established standards of corporate ethics and the business risks that might impact the Group’s performance.

Business Overview

About Us

JSC Georgia Capital (“Georgia Capital”, “GCAP”) makes up a group of companies (the “Group”) whose primary business is to develop or buy businesses, help them develop their management and institutionalise their businesses that can further develop mainly on their own, either with continued oversight or independently. The Group’s focus is typically on larger scale investment opportunities in Georgia, which have the potential to reach at least GEL 300 million equity value over 3-5 years from the initial investment and to monetise them through exits, as investments mature. Georgia Capital manages its portfolio companies individually and does not focus on achieving intergroup synergies. Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. As such, it focuses on shareholder returns and on opportunities which meet its investment return and growth criteria.

JSC Georgia Capital was established on 6 August 2015 as a joint stock company (“JSC”) under the laws of Georgia. Company ID – 404540690, registration authority – LEPL National Agency of Public Registry. Georgia Capital’s registered legal address is Petre Melikishvili Avenue N8a / Erekle Tatishvili Street N1, Tbilisi Georgia. The Group does not have any branches.

Portfolio and segments

The Group currently has the following portfolio businesses (i) a retail (pharmacy) business; (ii) a hospitals business; (iii) an insurance business (P&C and medical insurance); (iv)a clinics and diagnostics business; (v) a renewable energy business (hydro and wind assets) and (vi) an education business; Georgia Capital also holds other small private businesses across different industries in Georgia; a 20% equity stake in the water utility business and a 20.6% (2021: 19.9%) equity stake in LSE premium-listed Bank of Georgia Group PLC (“BoG”), a leading universal bank in Georgia.

Listed and Observable Portfolio

Bank of Georgia

Georgia Capital owns 20.6% (31 December 2021: 19.9%) of Bank of Georgia Group PLC, a UK incorporated holding company, comprising: a) retail banking and payment services; b) corporate banking and investment banking operations in Georgia. The Group expects to benefit from superior growth of the Georgian economy through both its retail banking and corporate and investment banking services and aims to deliver on its strategy and key medium-term objectives - at least 20% Return on Average Equity (ROAE), and c.10% growth of its loan book. BoG targets to maintain a 30%-50% dividend/share buyback payout ratio through regular and progressive semi-annual capital distributions.

Water Utility

The Group’s Water Utility business, 20% (31 December 2021: 100%) owned through Georgia Global Utilities (GGU), is a regulated natural monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services to c.1.4 million residents representing more than one-third of Georgia’s population and c.39,900 legal entities. The water utility business also operates hydro power plants (HPPs) with total installed capacity of 149MW. In 2022, Georgia Capital completed the sale of an 80% equity interest in the business to FCC Aqualia (“Aqualia“) for a cash consideration of US$ 180 million (GEL 548 million).

Business Overview (continued)

Portfolio and segments (continued)

Private Large Portfolio Companies

Retail (Pharmacy)

The Group's Retail (Pharmacy) business, 77% (31 December 2021: 67%), is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 35% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The business operates a total of 372 pharmacies (of which 362 are in Georgia and 10 are in Armenia) and 12 franchise stores.

Hospitals

The Group's Hospitals business, owned by 100%, is the largest healthcare market participant in Georgia. The business is comprised of 16 referral hospitals with a total of 2,524 beds, providing secondary and tertiary level healthcare services across Georgia.

Insurance

The insurance business comprises a) Property and Casualty (P&C) insurance business and b) medical insurance business. The Group owns 100% of the insurance business.

The P&C insurance business is a leading player in the local insurance market with a 27.4% market share in property and casualty insurance based on gross premiums as of 30 September 2022. The P&C insurance business also offers a variety of non-property and casualty products such as life insurance.

GCAP's medical insurance business is one of the country's largest private medical insurers, with a 19.0% market share based on 9M22 net insurance premiums. The business offers a variety of medical insurance products primarily to Georgian corporate and retail clients and (selectively) to state entities.

Private Investment Stage Portfolio Companies

Renewable Energy

The Group's Renewable Energy business is owned by 100%. The business operates three wholly-owned commissioned renewable assets: 30MW Mestiachala HPP, 20MW Hydrolea HPPs and 21MW Qartli wind farm. In addition, a pipeline of up to 172MW projects are in a varying stage of development.

Education

The education business currently combines majority stakes in four private school brands operating across five campuses, acquired in 2019-2021: British Georgian Academy and British International School of Tbilisi (70% stake), the leading schools in the premium and international segments, Buckswood International School (80% stake), well positioned in the midscale segment and Green School (80%-90% ownership) well-positioned in the affordable segment.

Clinics and Diagnostics

The Group's Clinics and Diagnostics business is 100% owned. The clinics business is the largest market participant on Georgia's outpatient market, with 21% market share by number of registered patients. The clinics and diagnostics business comprise two segments: 1) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient healthcare services) and 17 polyclinics (providing outpatient diagnostic and treatment services), and 17 lab retail points at GPC pharmacies; and 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – "Mega Lab".

Business Overview (continued)

Portfolio and segments (continued)

Private Other Portfolio Companies

Other portfolio companies include the following businesses: Housing Development (100% owned through Georgia Real Estate), Hospitality (100% owned through Georgia Real Estate), Beverages (owned by 92% (2021: 87%)) and Auto Service (owned by 90-100%).

Short Financial Overview

The Group is 100% owned by Georgia Capital PLC, which is listed on the London Stock Exchange. Consequently, according to the founder's demand, the accounting policy of the Group has been compliant with the IFRS since its establishment.

On 31 December 2019 Georgia Capital concluded that it met the definition of investment entity as defined in IFRS 10 *Consolidated Financial Statements*. According to IFRS 10 an investment entity is an entity that:

a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Group's audit service was provided by PricewaterhouseCoopers LLP. The published report includes the financial standing for the last two years. The condensed consolidated financial information of the Group is given below.

Consolidated statement of Financial Position

	31 December 2022	*31 December 2021*
Total Assets	**3,481,933**	**4,001,866**
Total Liabilities	**686,873**	**1,120,493**
Total Equity	**2,795,060**	**2,881,373**

Business Overview (continued)

Short Financial Overview (continued)

Statement of Comprehensive Income, for the year ended 31 December 2022

	2022	*2021*
(Losses)/gains on investments at fair value	(69,252)	682,074
Listed and Observable Investments	*155,435*	*149,628*
Private Investments	*(224,687)*	*532,446*
Dividend income	93,875	74,362
Transaction costs	-	(19,058)
Interest income at effective interest rate method	19,942	15,175
Other interest income	12,087	6,979
Gain on derecognition of liability	9,907	-
Net losses from investment securities measured at FVPL	(10,801)	(1,611)
Net realised (losses)/gains from investment securities measured at FVOCI	(1,750)	91
Other income	42	56
Gross investment profit	**54,050**	**758,068**
Salaries and other employee benefits	(25,843)	(22,413)
Depreciation and amortisation	(635)	(567)
Other administrative expenses	(6,797)	(5,357)
Interest expense	(59,763)	(76,406)
(Loss)/profit before provisions, foreign exchange and non-recurring items	**(38,988)**	**653,325**
Expected credit loss reversal/(charge)	380	(96)
Net foreign currency gain	58,116	39,933
Loss on derivative financial assets	(4,507)	-
Non-recurring expense	(387)	(785)
Profit before income taxes	**14,614**	**692,377**
Income tax	-	-
Profit for the year	**14,614**	**692,377**
Other comprehensive (loss)/income for the year, net of tax	(72)	377
Total comprehensive income for the year	**14,542**	**692,754**

As mentioned above, following the change in investment entity status on 31 December 2019, the Group de-consolidated its subsidiaries and recognised them as investments in subsidiaries at their fair value as at 31 December 2019. In the year ended 31 December 2022 the Group recorded a loss on investments at fair of value of GEL 69,252 (31 December 2021: gain of GEL 682,074). The following table sets forth a breakdown of portfolio development during the year including gains (losses) on investments at fair value:

Business Overview (continued)

Short Financial Overview (continued)

	31 December 2021	Portfolio decomposition and Transfer between stages	Value Change	Dividends	Total gains / (Losses) on investments at fair value	Investments and Divestments*	Other**	31 December 2022
Listed and Observable Portfolio Companies	**681,186**	**-**	**205,783**	**(40,898)**	**164,885**	**139,392**	**-**	**985,463**
BoG	*681,186*	*-*	*190,175*	*(40,898)*	*149,277*	*-*	*-*	*830,463*
Water utility	*-*	*-*	*15,608*	*-*	*15,608*	*139,392*	*-*	*155,000*
Private Portfolio Companies	**2,935,045**	**-**	**(181,160)**	**(52,977)**	**(234,137)**	**(491,561)**	**3,817**	**2,213,164**
Large Portfolio Companies	**2,407,264**	**(158,004)**	**(80,178)**	**(44,783)**	**(282,965)**	**(687,510)**	**821**	**1,437,610**
Retail (Pharmacy)	*710,385*	*-*	*30,150*	*(16,018)*	*14,132*	*-*	*-*	*724,517*
Hospitals	*731,819*	*(158,004)*	*(127,607)*	*(13,015)*	*(298,626)*	*-*	*-*	*433,193*
Water utility	*696,960*	*-*	*(9,450)*	*-*	*(9,450)*	*(687,510)*	*-*	*-*
Insurance (P&C and Medical)	*268,100*	*-*	*26,729*	*(15,750)*	*10,979*	*-*	*821*	*279,900*
Of which, P&C Insurance	*211,505*	*-*	*30,468*	*(14,749)*	*15,719*	*-*	*821*	*228,045*
Of which, Health Insurance	*56,595*	*-*	*(3,739)*	*(1,001)*	*(4,740)*	*-*	*-*	*51,855*
Investment Stage Portfolio Companies	**303,136**	**158,004**	**13,266**	**(8,194)**	**163,076**	**34,196**	**999**	**501,407**
Clinics and diagnostics	*-*	*158,004*	*(45,826)*	*-*	*112,178*	*-*	*-*	*112,178*
Renewable Energy	*173,288*	*-*	*31,040*	*(8,194)*	*22,846*	*27,854*	*999*	*224,987*
Education	*129,848*	*-*	*28,052*	*-*	*28,052*	*6,342*	*-*	*164,242*
Other Portfolio Companies	**224,645**	**-**	**(114,248)**	**-**	**(114,248)**	**161,753**	**1,997**	**274,147**
Equity investments at fair value	**3,616,231**	**-**	**24,623**	**(93,875)**	**(69,252)**	**(352,169)**	**3,817**	**3,198,627**

	31 December 2020	Value Change	Dividends	Total gains / (Losses) on investments at fair value	Investments*	Other**	31 December 2021
Listed Portfolio Companies	**531,558**	**164,109**	**(14,481)**	**149,628**	**-**	**-**	**681,186**
BoG	*531,558*	*164,109*	*(14,481)*	*149,628*	*-*	*-*	*681,186*
Private Portfolio Companies	**2,376,130**	**592,327**	**(59,881)**	**532,446**	**18,296**	**8,173**	**2,935,045**
Large Portfolio Companies	**1,858,237**	**583,852**	**(39,881)**	**543,971**	**-**	**5,056**	**2,407,264**
Healthcare Services	*571,656*	*171,708*	*(11,545)*	*160,163*	*-*	*-*	*731,819*
Retail (Pharmacy)	*552,745*	*169,100*	*(11,460)*	*157,640*	*-*	*-*	*710,385*
Water utility	*471,148*	*221,179*	*-*	*221,179*	*-*	*4,633*	*696,960*
Insurance (P&C and Medical)	*262,688*	*21,865*	*(16,876)*	*4,989*	*-*	*423*	*268,100*
Of which, P&C Insurance	*197,806*	*28,157*	*(14,881)*	*13,276*	*-*	*423*	*211,505*
Of which, Health Insurance	*64,882*	*(6,292)*	*(1,995)*	*(8,287)*	*-*	*-*	*56,595*
Investment Stage Portfolio Companies	**302,964**	**1,632**	**(20,000)**	**(18,368)**	**17,415**	**1,125**	**303,136**
Renewable Energy	*209,902*	*(21,463)*	*(20,000)*	*(41,463)*	*3,724*	*1,125*	*173,288*
Education	*93,062*	*23,095*	*-*	*23,095*	*13,691*	*-*	*129,848*
Other Portfolio Companies	**214,929**	**6,843**	**-**	**6,843**	**881**	**1,992**	**224,645**
Equity investments at fair value	**2,907,688**	**756,436**	**(74,362)**	**682,074**	**18,296**	**8,173**	**3,616,231**

The Group recorded gain on listed and observable investments of GEL 164,885 in the year ended 31 December 2022. Reflecting a 56.2% increase in BoG's share price to GBP 26.05, which was partially offset by GEL's 28.1% appreciation against GBP in FY22 and the application of the put option valuation to GCAP's remaining 20% holding in the water utility business. In addition, GEL 40,898 dividend was collected from BoG in FY22.

The Group recorded a loss on private investments of GEL 234,137 in the year ended 31 December 2022. Valuation assessments of the Group's large and investment stage portfolio companies at year-end were performed by a third-party independent valuation firm. Further detail regarding the loss on private investments is disclosed below:

- *Retail (Pharmacy):* The Group recorded a gain on private investments in relation to its retail pharmacy business in the amount of GEL 14,132. Reflecting the continued strong outlook of the businesses driven by the expansion of the retail chain and the resilience of the Georgian economy, LTM EBITDA (incl. IFRS 16) was up by 2.5% to GEL 105,472. The business paid GEL 16,018 dividend in FY22.

Business Overview (continued)

Short Financial Overview (continued)

- *Hospitals:* The Group recorded a loss on private investments in relation to its hospitals business in the amount of GEL 140,622. Reflecting the suspension of COVID contracts by the Government in 1Q22, the temporary closure of Iashvili Paediatric Tertiary Referral Hospital due to mandatory renovation works and the absence of revenues from the Traumatology Hospital, which was divested in April 2022, LTM EBITDA (incl. IFRS 16) was down by 28.7% to GEL 53,596. The business paid GEL 13,015 dividend in FY22.
- *Insurance (Property & Casualty and Medical Insurance):* The Group recorded a loss on private investments in relation to its medical insurance business in the amount of GEL 4,740. Them LTM net income (adjusted for non-recurring items) was down by 8.4% to GEL 3,459. The business paid GEL 1,001 dividend in FY22. On private investment in P&C insurance business the group recorded gain of GEL 15,719. Mainly reflecting the growth in net premiums earned in the credit life, agricultural and boarder MTPL insurance lines and decrease in loss ratio on the back of the robust revenue growth and reduction in COVID-19-related credit life as well as Agro insurance claims LTM net income (adjusted for non-recurring items) was up by 20.5% to GEL 21,232. The business paid GEL 14,749 dividend in FY22.
- *Clinics and diagnostics:* The Group recorded a loss on private investment in relation to clinics and diagnostics business in the amount of GEL 45,826. Reflected by the suspension of COVID contracts by the Government and decrease in COVID-19 testing as a result of substantially lower COVID cases LTM EBITDA of the business was down by 51.1% to GEL 10,928.
- *Renewable energy:* The Group recorded a gain on private investments in relation to its renewable energy business in the amount of GEL 22,846, reflecting the impact of the upward dynamics in electricity selling prices on revenue and EBITDA of the business, conversion of USD 10 million shareholder loan from GCAP into equity in 2022 and receipt of USD 3 million remaining proceeds from the sale of the Mestiachala 1 HPP. The business paid GEL 8,194 dividend in FY22.
- *Education:* The Group recorded a gain on private investments in relation to its education business in the amount of GEL 28,052. Reflecting the strong operating performance of the business, strong intakes and ramp-up of utilization in line with both the organic growth and expansion of the business LTM EBITDA was up by 15.4% to GEL 12,915.
- *Other portfolio companies:* The Group recorded a loss on other private investments in the amount of GEL 114,248.

The Group recorded interest income of GEL 32,029 in the year ended 31 December 2022 on an average balance of liquid assets and issued loans. Interest income represents the sum of other interest income and interest income using the EIR method.

The Group recorded gain on derecognition of liability in the amount of GEL 9,907.

The Group recorded a net loss from investment securities measured at FVPL in the amount of GEL 10,801 and net realised loss from investments securities measured at FVOCI in the amount of GEL 1,750 in the year ended 31 December 2022, which related to its marketable securities.

The Group recorded other administrative expenses in the amount of GEL 6,797 in the year ended 31 December 2022, incurred at GCAP level.

The Group recorded expenses for salaries and other employee benefits in the amount of GEL 25,843 in the year ended 31 December 2022, incurred at GCAP level.

The Group recorded interest expense in the amount of GEL 59,763 in the year ended 31 December 2022, which represented interest accrued in respect of the bonds issued by JSC Georgia Capital.

The Group recorded a net foreign currency gain in the amount of GEL 58,116 in the year ended 31 December 2022, which is related to the impact of currency fluctuations on the foreign currency denominated financial assets and liabilities of GCAP.

The Group recorded loss on derivative financial assets in the amount of GEL 4,507 in the year ended 31 December 2022.

There were no R&D activities during 2022.

Business Overview (continued)

Future Plans

Georgia Capital's key principle is to buy assets at affordable prices and to remain very disciplined in this regard. To evaluate new acquisition opportunities Georgia Capital has developed a 360-degree analysis framework. The Group performs a 360-degree analysis each time it makes a capital allocation decision and compares: a) the investment opportunity versus buyback opportunity; and b) the sale opportunity versus buyback opportunity. The Group intends to buy assets/companies at a higher discount to their listed peers than GCAP's fair value discount. Another core principle of the Group's investment philosophy is to be mindful about the size of the potential investments in new industries. Georgia Capital typically starts with a small ticket size and tests and develops a management track record before stepping up the investment.

In 2022 the Group introduced an NCC (Net Capital Commitment) Ratio Navigation Tool, which is an integral part of the GCAP's existing 360-degree framework and drives the Group's share buyback and investment decisions. NCC represents an aggregated view of all confirmed, agreed and expected capital outflows at the GCAP holding company level. NCC ratio (NCC as a percentage of the total portfolio value) between 15%-40% will lead to tactical share buybacks/investments, an NCC ratio below 15% is expected to generate more meaningful share buybacks/investments whilst the ratio above 40% will lead to the implementation of the cash preservation strategy.

Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. It focuses on shareholder returns and on opportunities that meet its investment return and growth criteria. In line with its capital allocation strategy, the Group emphasizes larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 300 million equity value over 3-5 years and to monetise investments through exits, as investments mature.

The Group aims to have two potential liquidity events for each of its assets: 1st exit - when entering a new industry Georgia Capital intends to develop and grow portfolio companies. The Group's key focus areas at the portfolio company level are the ability to grow operating cash and to make efficient capex investments. Once the business reaches its late stage of development, the Group expects to pursue its first exit route, which envisages dividend flows for GCAP; 2nd exit - as businesses mature, Georgia Capital normally seeks to monetise its investment through appropriate exit options, typically within five to ten years from initial investment.

The Group is also focused on cash generation at both GCAP and portfolio company level as well as management development – adding value for the Company's shareholders by developing top talent within the Group.

As the largest employer in the Georgian private sector, the Group is trusted with improving the future of its community by building the sustainable businesses of tomorrow. GCAP has a strong track record of investing and managing its portfolio responsibly, facilitated by operating according to its clear and proven governance model and an extensive network of top-quality talent. Georgia Capital's approach to environmental, social and governance (ESG) matters is reflected in the strategy and management principles of the Group's portfolio companies, all of which adhere to sound ESG standards, as well as local policies and regulations.

Risk Factors

Regional Instability

The Georgian economy and the Group's business may be adversely affected by regional tensions. Georgia shares borders with Russia, Azerbaijan, Armenia and Turkey and has two breakaway territories, Abkhazia and the Tskhinvali Region/South Ossetia. In addition to strong political and geographic influences, regional countries are highly linked to Georgian economy representing its significant historical trading partners.

Business Overview (continued)

Risk Factors (continued)

Regional Instability (continued)

Following a significant Russian military build-up near the Russia-Ukraine border and months of rising tensions, on February 24 Russian troops crossed the border and the situation escalated into a war. In response to the invasion severe economic sanctions have been imposed on Russia, including selected high profile Russian banks, Russian entities and Russian individuals. Since the start of the war, there has been a significant depreciation of the Russian Ruble against foreign currencies, although the Ruble has since recovered. The market value of Russian securities has also decreased significantly. . As the situation grinds on, the already steep humanitarian costs and economic losses for Ukraine, Russia and the rest of the world are likely to deepen. Ukraine and Russia are particularly important trade partners of Georgia and spillover risks remain. The length and outcome of the war are clearly uncertain, but it is possible that the negative impact of the war will become more pronounced in the medium to longer term and could continue to have a material impact on market confidence, affecting all regional countries. Various tensions have also existed between Russia and Georgia for more than 15 years, and the two countries also had a brief armed conflict in 2008, which led to Russia's control of the two breakaway territories. Finally, there has also been ongoing geopolitical tension, political instability, economic instability and military conflict between other regional countries, with the latest flare-up culminating in a six-week war (September-November 2020) between Armenia and Azerbaijan over the disputed Nagorno-Karabakh region. The continuation or escalation of the war, political instability, geopolitical conflict, the economic decline of Georgia's trading partners and any future tension with Russia, including border and territorial disputes, may have a negative impact on the political or economic stability of Georgia, which in turn may affect GCAP's business unfavourably, including putting adverse pressure on the Group's business model, revenues, financial position and the valuations of listed and private portfolio companies.

The war has negatively affected the operating performance of our wine (c.60% sales exposure to Russia and Ukraine in 2021) and housing development businesses (significant growth in construction materials costs). The magnitude of the impact on these businesses cannot be reliably measured at this stage. Due to their size, however, it is not expected to be material overall for the Group (the value of the wine and housing development business represented approximately 2% of the total portfolio value as at 31 December 2022).

While GCAP's exposure to liquid funds such as debt securities issued by affected countries is not material, our Insurance business' investment results were negatively affected during the first half of the year. As the war is still waging, it is impossible to reliably assess the impact this may have on the Group's business as there is uncertainty over the magnitude of the impact on the economy in general.

The Group actively monitors significant developments in the region and risks related to political instability and the Georgian Government's response thereto. It also develops responsive strategies and action plans of its own.

Coronavirus (COVID-19) risk

The Georgian Government took significant actions at the early stage of the COVID-19 outbreak, with border checks and travel restrictions followed by the first lockdown in March-May 2020. After gradually lifting restrictions since late April, the epidemiological situation worsened in Autumn, and a two-month partial lockdown was imposed spanning the period from end-November 2020 to February 2021. Since February, the economy was fully reopened for the better part of the year. Despite new COVID-19 cases rising again periodically, most notably in August and November 2021, as well as in the beginning of 2022 due to the spread of the Omicron variant, no new major restrictions have been imposed. As is discussed below, lockdown and other significant restrictions had a serious adverse effect on almost all of the Group's businesses, and any new serious outbreak of COVID-19 or a similar pandemic that would require significant new restrictions could do so again.

- The Group's hospitals and clinics and diagnostics businesses faced a number of COVID-19 related risks, among these are: :
  - The health of the Group's own medical personnel affected businesses' ability to continue to deliver its services;

Business Overview (continued)

Risk Factors (continued)

Coronavirus (COVID-19) risk (continued)

  - Adjusting to the new mix between COVID-19 related care and other care as COVID-19 recedes. Currently, hospitals and clinics and diagnostics businesses are experiencing an organic transition to the post-pandemic economy. Suspension of COVID contracts by the Government in 1Q22 and restructuring of the cost base of COVID facilities temporarily impacted the performance of the hospitals and clinics businesses, while substantially lower COVID cases during the quarter resulted in a significant decrease in diagnostics business revenues. The growth is expected to rebound in the coming quarters as the businesses pass through the transition period.
- The Group's education business was also significantly affected in 2020 by the lockdown and subsequent restrictive measures and adjusted to distance learning which involved offering tuition discounts and rollovers of fees for transportation and catering services. Given the improved epidemiological developments in Georgia, the schools provided on-campus learning during most of 2021. While the education business seems to have developed a model for coping with COVID type restrictions, it is not as effective, attractive and profitable when distance learning is imposed.
- The Group's hospitality business is the business that has been most affected by the COVID-19 outbreak, reflecting pandemic-related uncertainties in the tourism and real estate sectors. The Group reacted quickly to the change in the environment and is in the process of exiting from these business (we have already exited from the commercial real estate business, which was also significantly affected by the pandemic). However, any serious deterioration of the epidemiological situation could adversely affect the Group's ability to sell the remaining properties at attractive prices.
- Although vaccine development and the ongoing immunisation process have raised hopes of global recovery, exceptional uncertainty persists with respect to new COVID variants and vaccine take up rates. The coronavirus has proven to be a significant challenge for the Georgian economy, especially the tourism sector. While tourism revenues have displayed first signs of rebounding, a significantly delayed recovery in tourism revenues or a major fall in foreign investment sentiment would impact growth prospects substantially, raising the risk premium and upsetting the balance of payments..

Furthermore, there can be no assurance on the effectiveness of Government measures in preventing the further spread of COVID-19, reducing its negative economic impact or that more restrictive measures will not be introduced, any of which could have a material adverse effect on macroeconomic conditions and, in turn, the Group's business.

A large part of Georgia Capital's portfolio is concentrated across defensive countercyclical sectors: healthcare and retail (pharmacy) businesses. GCAP has a strong liquidity position. Further, Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. Therefore, capital allocations to portfolio companies may be suspended, if needed. The improved epidemiological environment and strong economic recovery during 2021, has allowed for a smooth and gradual transition from the cash accumulation and preservation strategy, implemented in 2020 as the Group's response to the pandemic, towards capturing business growth opportunities across all GCAP's businesses.

Currency Risk and Macroeconomic Environment

Unfavourable dynamics of macroeconomic variables, including depreciation of the Lari against the US dollar may have a material impact on the Group's performance.

The Group continually monitors market conditions, reviews market changes and also performs stress and scenario testing to test its position under adverse economic conditions, including adverse currency movements.

Currency risk management process is an integral part of the Group's activities; currency risk is managed through regular and frequent monitoring of the Group's currency positions and through timely and efficient elaboration of responsive actions and measures. Senior management reviews overall currency positions of the Group several times during the year and elaborates respective overall currency strategies; the Finance department monitors the daily currency position for stand-alone Georgia Capital, weekly currency positions on portfolio company level and manages short-term liquidity of the Group across different currencies. Control procedures involve regular monitoring and control of the currency gap and currency positions, running currency sensitivity tests and elaborating response actions/steps based on the results of the tests.

Business Overview (continued)

Risk Factors (continued)

Regulatory Risk

The Group owns businesses operating across a wide range of industries: banking, healthcare, retail (pharmacy) and distribution, property and casualty insurance, medical insurance, real estate, water utility and electric power generation, hydro and wind power, beverages, education and auto service. Many of these industries are highly regulated. The regulatory environment continues to evolve. The Group, however, cannot predict what additional regulatory changes will be introduced in the future or the impact they may have on the Group's operations.

Georgia Capital and its businesses may be adversely affected by risks related to litigations arising from time to time in the ordinary course of business.

Georgia Capitals's continued investment in the people and processes is enabling the Group to meet current regulatory requirements, meaning that the Group is well placed to respond to any future changes in regulation. Further, investment portfolio of Georgia Capital is well diversified, limiting exposure to particular industry-specific regulatory risks.

Georgia Capital's integrated control framework also ensures the application and development of mechanisms for identifying legal risks in the Group's activities in a timely manner, the planning and implementation of all necessary actions for the elimination of identified legal risks.

Investment Risk

The Group may be adversely affected by risks in respect of specific investment decisions.

The Group manages investment risk with established procedures for thorough evaluation of target acquisitions. Investment opportunities are subject to rigorous appraisal and a multi-stage approval process. Target entry and exit event prices are monitored and updated regularly, in relation to market conditions and strategic aims. The Group performs due diligence on each target acquisition including financial and legal matters. Subject to an evaluation of the due diligence results an acceptable price and funding structure is determined and, the pricing, funding and future integration plan is presented to the Investment Committee (consisting of the full Board) for approval. The Committee reviews and approves or rejects proposals for development, acquisition and sale of investments and decides on all major new business initiatives, especially those requiring a significant capital allocation. The Investment Committee focuses on both investment strategy and exit processes, while also actively managing exit strategies in light of the prevailing market conditions.

Liquidity Risk

Liquidity risk implies that liabilities cannot be met, or new investments made, due to a lack of liquidity. Such risk can arise from not being able to sell an investment due to lack of demand from the market, from suspension of dividends from portfolio companies, from not holding cash or being able to raise debt.

The liquidity Management process is a regular process, where the framework is approved by the Board and is monitored by senior management and the Chief Financial Officer. The framework models the ability of the Group to fund under both normal conditions (Base Case) and during stressed situations. This approach is designed to ensure that the funding framework is sufficiently flexible to ensure liquidity under a wide range of market conditions. The finance department monitors certain liquidity measures on a daily basis and actively analyses and manages liquidity weekly. Senior management is involved at least once a month and the Board on a quarterly basis. Such monitoring involves review of the composition of the cash buffer, potential cash outflows and management's readiness to meet such commitments. It also serves as a tool to revisit the portfolio composition and take necessary measures, if required. JSC Georgia Capital successfully issued USD300 million bonds in March 2018, which was followed by a USD 65 million tap issuance on 16 March 2021. The debt is actively managed so that Georgia Capital maintains a maximum loan to value (LTV) ratio of 30%.

Risk Factors (continued)

Liquidity Risk (continued)

In May 2022, the Group adapted the capital management framework, with significant prominence being given to deleveraging. Deleveraging the Group's balance sheet, at a time of significant potential economic and regional instabilities, is a key priority to safeguard GCAP's portfolio, and enables the Group to take advantage of attractive investment opportunities that may arise as a result of those instabilities. The Group has introduced an NCC Ratio Navigation Tool, which will drive the Group's share buyback and investment policy; an NCC ratio between 15%-40% will lead to tactical share buybacks/investments, whilst an NCC ratio below 15% is expected to generate more meaningful share buybacks/investments. The Group targets the bringing down the NCC ratio below 15% by December 2025. The deleveraging strategy was also implemented across the Group's private portfolio companies, where individual leverage targets have been developed.

Portfolio Companies Strategic and Execution Risks

Market conditions may adversely impact the strategy of Georgia Capital and all Group's businesses have their own risks specific to their industry. The businesses have growth and expansion strategies and Georgia Capital face execution risk in implementing these strategies. The Group will normally seek to monetise its investments, primarily through strategic sale, typically within five to ten years of acquisition and the Group faces market and execution risk in connection with exists at reasonable prices.

For each business, Georgia Capital focuses on building a strong management team and has successfully been able to do so thus far. Management succession planning is regularly on the agenda for the Nomination Committee which reports to the Board on this matter. The Board closely monitors the implementation of strategy, financial and operational performance, risk management and internal control framework and corporate governance of the Group's businesses. Georgia Capital holds management accountable for meeting targets.

For each industry in which the Group operates, industry trends, market conditions and the regulatory environment are closely monitored. Georgia Capital has also sought and continues to seek advice from professionals with global experience in relevant industries. Georgia Capital measures its private portfolio companies at fair value. The valuations are audited, increasing the credibility of fair valuation and limiting the risk of mispricing the asset. In addition, the valuation of private large and investment portfolio companies (60.6% of total portfolio value) is performed by an independent valuation company on a semi-annual basis.

The Group has a strong track record of growth and has accessed the capital markets on multiple occasions as part of the BGEO Group PLC prior to the demerger in May 2018. JSC Georgia Capital successfully priced a US$ 65 million tap issue under the Group's existing USD 300 million 6.125% senior unsecured notes due 2024, listed on the Global Exchange Market of the Irish Stock Exchange. The acquisition history of Georgia Capital has also been successful and the Group has been able to integrate businesses due to strong management with integration experience.

In 2022, GCAP successfully completed the water utility business disposal, which represents our most significant monetization event to date and marks the completion of the full investment cycle for one of the Group's large portfolio businesses.

In October 2022, GCAP's renewable energy and housing development businesses successfully completed bond placements on the Georgian capital market, once again demonstrating the Group's superior access to capital.

Emerging Risks

The Group's risks are continually reassessed and reviewed through a horizon scanning process, with escalation and reporting to the Board. The horizon scanning process fully considers all relevant internal and external factors, and is designed to consider and capture the following risks: current risks which have not yet fully crystallised and which the Group does not have previous known experience of against which they can be assessed and risks which are expected to crystallise in future periods, typically beyond one year.

Risk Factors (continued)

Emerging Risks (continued)

Since 2021, the Group has identified climate change as an emerging risk. Since the Group's businesses are very much dependent on such climate elements as precipitation, wind speed and air temperature, the Group's development will be affected by climate change. This is critical to protecting and enhancing the value of the Group's assets and therefore Georgia Capital monitors its governance and risk management framework to ensure that sustainability-related risks in GCAP's portfolio remain an important part of the Group's agenda and are treated as a priority by GCAP's portfolio company management teams.

Management takes climate change risk into consideration when determining fair value of is equity investments. As at 31 December 2022, management concluded that the effects of the climate risk are fairly reflected in the year-end valuations of the Group's portfolio companies.

The Group has also identified cyber security as an emerging risk. A cyber security incident can result in unauthorised access to, or misuse of, the Group's information systems, technology, or data. This could lead to leakage of sensitive information and reputational damage.

Employee Matters

Recruiting, developing and retaining talent within the Group is one of the most important priorities. Key factor for working towards that objective is communicating openly with the employees, providing training and opportunities for career advancement, rewarding employees fairly and encouraging them to give direct feedback to senior management. The Group recognises the importance of providing a supportive working environment and a healthy work/life balance for all the employees both in Georgia Capital and in the Group's portfolio companies.

A key factor in the Group's success is a cohesive and professional team, capable of accomplishing the Group's objectives. The Group is committed to attracting and identifying the best professionals, caring and planning for their needs, investing in their development and fostering their commitment.

The Group developed and implemented Human Resource (HR) policies and procedures which promote the key principles, areas, approaches and methods that are crucial for building Human Capital Management systems at each business level and at Georgia Capital level. GCAP maintains a Group-wide Code of Conduct and Ethics for its employees and other effective HR policies and procedures covering matters such as:

- Staff administration, compensation and benefits;
- Recruitment, development and training;
- Diversity and anti-nepotism;
- Succession planning, departure and dismissal;
- Grievances;

The Group is committed to employee engagement by providing them with a continuous flow of information, which includes information about corporate culture, the Group's strategy and performance, risks relating to its performance, such as financial and economic factors, and the Group's policies and procedures. The Group provides information to its employees in a number of ways, including via managers, presentations, email, intranet and regular off-site meetings. There are feedback systems, such as frequent employee satisfaction surveys, which ensure that the opinions of the Group's employees are taken into account when making decisions which are likely to affect their interests.

Georgia Capital is fully committed to provide equal opportunities as an employer and prohibits unlawful and unfair discrimination. The Group believes that there are great benefits to be gained from having a diverse and varied workforce. At 31 December 2022, Georgia Capital, as an investment holding company, had a total of 48 employees and 19,114 employees at Group level.

Business Overview (continued)

Environmental Matters

The operations of Georgia Capital have relatively low energy consumption. However, it recognises the evolving significance of emissions disclosures in the investment universe and in line with the commitment to increasing transparency, the Group voluntarily discloses emissions for JSC Georgia Capital (holding company) and its portfolio investments.

To be more environmentally responsible, the Group's portfolio companies continue to implement energy saving solutions, such as LED lights and other energy-efficient equipment, for example boilers and heating ventilation and air conditioning systems. GCAP's housing development business pioneered the introduction of energy efficient construction materials and the Group's clinics business also joined in energy efficiency initiatives as one of the clinics switched to solar power system. To minimise emissions and further contribute to eco-friendly energy consumption, two clinics replaced a diesel-powered heating system with a gas heating system. In the Group's education business, one of the schools successfully introduced solar panels, and gradually other educational infrastructures will follow in due course. GCAP's beverages business reduced its energy consumption and carbon footprint by the CO_2 recovery plant, alongside with the wastewater treatment plant. In addition, the company also introduced the Green Fridge policy which will help the business in sustaining the environment by reducing the carbon footprint of cooling bottled and canned products.

Within the management team, the Chief Financial Officer (CFO) supported by the finance team, is responsible for identifying risks, including climate change risks, in relation to the investment portfolio and including these in the valuation process. The Director of Investments (DoI), supported by the Investment Officers is responsible for identifying specific risks and opportunities at the initial investment stage.

In support of the evaluation of climate-related risks and opportunities that may be present, a review of GCAP's direct operations and a macrolevel review of the portfolio companies' operations was completed. An early-stage scenario analysis was completed as part of the process towards understanding how the climate impacts identified in the qualitative assessment could present as financial risks to GCAP under different plausible future scenarios.

Environmental activities of the Group's portfolio companies

<u>Bank of Georgia 20.6% share of the portfolio at 31 December 2022</u>

Within the medium term, the rapid implementation of climate policy and regulation may result in sharply increasing direct regulatory expenses in relation to fixed assets such as the Bank's retail outlets.

In the short term, and in mitigation, the Bank is already in the advanced stages of implementing energy efficiency programmes within its real estate (retail, office and data centres). By anticipating compliance with regulations relating to fuel efficiency standards, emissions-reducing regulations and building efficiency compliance, the Bank will minimise costs in relation to regulations. In addition, it will lower the energy expenditure and generate a financial benefit, especially where renewable energy is utilised. Additionally, the Bank is adopting digital technology to enable all forms of digital banking, potentially further reducing the need for fixed assets.

<u>Retail (pharmacy) 22.7% share of the portfolio at 31 December 2022</u>

The principal risks arise from physical aspects of climate change and may impact the physical assets. Transition risks are considered to mainly relate to carbon pricing and the effect this will have on the supply chain, for example, the purchase of drugs and medicines. As the carbon price rapidly increases post-2030 (medium term) the prices of goods will increase. While this will be felt across the market and will not be unique to the portfolio, given the leading market share, this could result in reputational risk arising from consumer perception.

There is a regulation opportunity for the retail (pharmacy) business. Being an early adopter of fuel efficiency standards, emissions-reducing regulations and building efficiency compliance will reduce overall running costs in the medium term. Good energy management and the use of renewable energy will not only lower the energy expenditure and generate a financial benefit but will also reduce the carbon footprint of the operations.

Business Overview (continued)

Environmental Matters (continued)

Environmental activities of the Group's portfolio companies (continued)

<u>Healthcare Business – Hospitals and Clinics and Diagnostics 17.0% share of the portfolio at 31 December 2022</u>

Carbon prices may rise quickly year on year after 2030, towards 2050. The implications of this will be financially more severe for carbon-intensive products, services and operations. This will result in increased costs of purchase relating to medical equipment and supplies particularly those originating out-of-country.

Commitment to a low carbon portfolio (e.g. low carbon hospitals) could have material benefits. A reduction in the portfolio's carbon intensity will mitigate future costs associated with increasing carbon prices.

<u>Medical Insurance 1.6% share of the portfolio at 31 December 2022</u>

An increase in medical insurance claims may arise from both acute short-term weather conditions (flooding and in some regions landslides, heatwaves) and long-term chronic changes in weather such as increased average temperatures, impacting health. Failure of infrastructure may cause longer-term ill health from waterborne diseases. There is also a risk that the Government introduces a policy for insurers to maintain policy cover for the "uninsurable", the costs of which may not be possible to pass on to the insured.

Encouraging customers to prepare to be resilient with respect of climate risks, for example through premium incentives to have healthy lifestyles, may contribute to the business reputation and customer base.

<u>P&C Insurance 7.1% share of the portfolio at 31 December 2022</u>

Carbon pricing is expected to rise sharply after 2030 (medium term). This will see a progressive rise in the cost of carbon-intensive products and services, logistics, distribution and any other operations within the supply chain associated with high carbon emissions. This will have implications for the cost of insurance, which may be passed on to the customer. Beginning with transition risks, some lines of business may see changes in claims patterns as government policy and regulation relating to carbon emissions evolve. This might result in fluctuating loss ratios and profitability.

Opportunities will likely arise from energy efficiency regulation which will force customers to upgrade their homes and vehicles and may require new product offerings. Commercial opportunities are also likely to arise by creating targeted products that address climate change and energy transition.

<u>Water Utility 4.8% share of the portfolio at 31 December 2022</u>

Acute physical risks may impact the utility assets. For example, in the short to medium term, extreme rain events may overwhelm infrastructure, causing damaged water treatment and sewage treatment plants. Pipelines are also at risk from such events, as the overall integrity is placed under pressure. These will require greater increased maintenance and repair costs. Landslides in more remote locations could cause further damage and may block access in some areas.

In the medium term, decarbonisation of operations will enable the Water Utility operations to limit the cost consequences of carbon pricing and provide an advantage over more carbon-intensive competition.

<u>Renewable Energy 7.0% share of the portfolio at 31 December 2022</u>

In the short to medium term, the infrastructure and transmission lines are clearly at risk from physical risks such as landslides, or extreme heat impacting the integrity of lines or pipes. However, for each of the HPPs and WPPs, the business has taken steps to improve the resilience of infrastructure to changes in climate.

The renewable energy business generates electricity using renewable sources, and there are a number of policy and Government incentives for solar wind and hydropower generation in Georgia as part of the Georgian 2030 CCSAP. Renewable energy sources are considered to be the future of energy and are valued higher than traditional electricity generation companies.

Business Overview (continued)

Environmental Matters (continued)

Environmental activities of the Group's portfolio companies (continued)

Education 5.1% share of the portfolio at 31 December 2022

The potentially material risks relate to transition type risks, in particular energy and air quality regulations, that may be introduced under this scenario at short notice in the medium term. Schools may be expected to retrofit heating and cooling measures/equipment to meet regulations. In addition, energy requirements may arise in response to air conditioner use during prolonged heatwaves for example.

Auto Service

Currently, vehicles on the market and in use in Georgia are mainly diesel and petrol-fuelled. Initially, in the short term, there will be a gradual switch to electric vehicles. After 2030, there will likely be a significant increase in the use of electric vehicles, abruptly reducing the need for emissions checks. Additionally, the anticipated rise of carbon pricing and adoption of border adjustment mechanisms after 2030 will affect Amboli's supply chain and trade of car consumables and parts. There will likely be an abrupt rise in distribution and retail costs as a result of increases in carbon pricing.

In the short to medium term, it may be that there will be stricter emissions requirements. This may mean that more vehicles will need to be emissions-checked more regularly or be modified, causing demand at PTI centres.

Beverages

In addition to physical risks (reduced rain, high-intensity events, prolonged heatwaves) affecting hops and grape production, the main identified risk relates to regulatory transition risk. In particular, carbon prices and border taxes such as the EU Carbon Border Adjustment Mechanism will adversely affect the prices of both incoming goods and exported products.

Housing Development and Hospitality

Physical risks to property will occur. These include deterioration of asset integrity due to flooding or extreme heat. In the medium term (post-2030) assets that are not energy efficient will be hit by energy efficiency regulation for retrofitting and increased energy costs due to carbon pricing.

Early adoption of fuel efficiency standards, emissions-reducing regulations and building efficiency compliance will reduce longer-term costs relating to regulations including a reduction in potential declines.

As stated previously, GCAP's period of investing is between two to five years, which is within the short-term horizon of the scenarios. Management is taking climate change risk into consideration when determining its investment strategy. Georgia Capital expects further emphasis to be placed upon climate resilience as the Group's understanding of climate-related risks and opportunities matures. Management is also taking into consideration the resilience of its portfolio with respect to climate change risks as part of the portfolio strategy.

Buyback of own shares

During 2022 and 2021 Group has repurchased own shares from 100% shareholder. Number of shares repurchased were 409,034 (2021: 105,373) with nominal amount of GEL 409 (2021: GEL 105) and total consideration of GEL 87,238 (2021: GEL 21,679). All of the repurchased ordinary shares were cancelled.

Irakli Gilauri Chief Executive Officer