IMPORTANT NOTICE: NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") OR OTHERWISE TO PERSONS TO WHOM IT CAN LAWFULLY BE DISTRIBUTED

IMPORTANT: You must read the following before continuing. The following applies to the attached Listing Particulars (the "**Listing Particulars**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Listing Particulars. In accessing the attached Listing Particulars, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. If you have gained access to this transmission contrary to any of the following restrictions, you are not authorised and will not be able to purchase any of the securities described herein (the "**Securities**"). You acknowledge that this electronic transmission and the delivery of the attached Listing Particulars is intended for you only and you agree you will not forward this electronic transmission or the attached Listing Particulars to any other person. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with the following directives may result in a violation of the U.S. Securities Act of 1933 (the "**Securities Act**") or the applicable laws of other jurisdictions.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") OR WITHIN THE UNITED STATES ONLY TO QIBs IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A, OR ANOTHER EXEMPTION THEREFROM, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Confirmation of your representation: In order to be eligible to view the Listing Particulars or make an investment decision with respect to the Securities referred to herein, investors must be (i) outside the United States, (ii) QIBs that are acquiring the Securities for their own account or the account of another QIB or (iii) in respect of the Securities being offered in Georgia, "sophisticated investors" for the purposes of the Law of Georgia on Securities Market (the "**Securities Market Law**") and its implementing regulations that are acquiring the Securities for their own account or the account of another "sophisticated investor". By accepting this e-mail and accessing the Listing Particulars, you shall be deemed to have represented to us that: (1) (A) you are a person outside the United States acquiring the Securities in an "offshore transaction" pursuant to Regulation S and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (B) you are a QIB acquiring the Securities referred to herein for your own account and/or for the account of another QIB or (C) in respect of the Securities being offered in Georgia, you are a "sophisticated investor" (as defined in the Securities Market Law and its implementing regulations) acquiring the Securities referred to herein for your own account and/or for the account of another "sophisticated investor" and (2) you consent to delivery of such Listing Particulars by electronic transmission.

The Listing Particulars may only be communicated or caused to be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply and may be distributed in the United Kingdom only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Order**");(ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Order; (iii) are outside the United Kingdom or (iv) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). In the United Kingdom, the Listing Particulars are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the Listing Particulars relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The Listing Particulars do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer of the Securities in such jurisdiction.

These Listing Particulars are being sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of Georgia Global Utilities JSC, Georgian Water and Power LLC, J.P. Morgan Securities plc, TBC Capital LLC and JSC Galt & Taggart nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the attached document distributed to you in electronic format and the hard copy version available to you on request.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

PRIIPs Regulation/ Prohibition of Sales to EEA Retail Investors: The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**").Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation/Prohibition of Sales to UK Retail Investors: The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR Product Governance / Professional Investors and ECPs Only Target Market: Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Securities Market Law / Offering and Sale to Sophisticated Investors Only: The Listing Particulars have not been approved by the National Bank of Georgia (the "**NBG**"). No notification has been made to, and no consent has been sought or obtained from, the NBG for a public offering of the Securities in Georgia. The Securities are not intended to and should not be advertised, marketed, offered, sold or otherwise made available in a "public offering" (defined as an offer to sell securities directly or indirectly on behalf of an issuer or other person to at least 100 persons or to an unspecified number of persons per the Securities Market Law) in Georgia without a prior or simultaneous delivery/publication of a final prospectus approved by the NBG in accordance with the Securities Market Law. Offering and sale of the Securities to sophisticated investors (as defined in the Securities Market Law and its implementing regulations) only, however, will not constitute a public offering. In the event, however, that the Securities are placed/listed on the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**"), which is a "recognised stock exchange of the foreign country" under Georgian law, the Securities may be offered in Georgia in a public offering without approval of the Listing Particulars by the NBG, provided that the NBG is notified about the public offering of the Securities in accordance with Georgian law and the International Securities Identification Number (the "**ISIN**") of the Securities, as well as evidence of listing of the Securities on Euronext Dublin and the Listing Particulars, together with the Georgian translation of the "*Overview of the Offering*" section of the Listing Particulars (both of which should also be made publicly available in accordance with Georgian law), is provided to the satisfaction of the NBG in advance of the offering in Georgia.

THE ATTACHED LISTING PARTICULARS ARE NOT A PROSPECTUS FOR THE PURPOSES OF REGULATION (EU) 2017/1129 (AS AMENDED, THE "**EU PROSPECTUS REGULATION**") OR REGULATION (EU) 2017/1129 AS IT FORMS PART OF THE UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE "**UK PROSPECTUS REGULATION**") OR ANY IMPLEMENTING LEGISLATION OR RULES RELATING THERETO.

None of the Green Bond Framework or the Second Party Opinion (each as defined herein) form part of these Listing Particulars.

Georgia Global Utilities JSC
(incorporated in Georgia with limited liability)

U.S.$300,000,000 8.875% Notes due 2029

Issue Price 100%

The U.S.$300,000,000 8.875% Notes due 2029 (the "**Notes**") will be issued by Georgia Global Utilities JSC (the "**Issuer**" and, together with its subsidiaries, "**GGU**") and guaranteed (the "**Guarantee**") by Georgian Water and Power LLC ("**GWP**" or the "**Initial Guarantor**" or the "**Guarantor**"). Interest on the Notes will accrue at the rate of 8.875% and will be payable semi-annually in arrear on 25 January and 25 July in each year, commencing on 25 January 2025.

The Notes may be redeemed by the Issuer in whole, but not in part, at their principal amount, plus accrued and unpaid interest thereon (if any), if, as a result of a change of law, the Issuer becomes obliged to pay certain additional amounts and otherwise as described under "*Terms and Conditions of the Notes—Condition 7(b) (Redemption for Taxation and Other Reasons)*". Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 25 July 2029 (the "**Maturity Date**"). The Issuer may redeem some or all of the Notes on or after 25 July 2026 at the redemption prices set out in these Listing Particulars (as defined below), plus accrued and unpaid interest, if any. Prior to 25 July 2026, the Issuer may redeem some or all of the Notes at a price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, plus a "make whole" premium, as described in these Listing Particulars.

The Notes will constitute unsecured and unsubordinated obligations of the Issuer (subject as described in Condition 5(a) (*Negative Pledge*)). See "*Terms and Conditions of the Notes—Condition 3* (*Status*)". The Guarantee will constitute unsecured and unsubordinated obligations of the Guarantor (subject as described in Condition 4 *(Guarantee)*). See "*Terms and Conditions of the Notes—Condition 4 (Guarantee)*".

This document (the "**Listing Particulars**") has been prepared for the purpose of providing disclosure information with regard to the Notes which are to be admitted to the Official List ("**Official List**") of Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") and to trading on the Global Exchange Market, which is the exchange regulated market of Euronext Dublin (the "**Global Exchange Market**"). The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU, as amended ("**MiFID II**"). Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its Global Exchange Market and for the approval of this document as listing particulars. Investors should note that securities to be admitted to Euronext Dublin's Official List and to trading on its Global Exchange Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

These Listing Particulars do not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation") or Regulation (EU) 2017/1129 as it forms part of the UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation") or any implementing legislation or rules related thereto.

The denominations of the Notes shall be U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

AN INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 10 OF THESE LISTING PARTICULARS BEFORE INVESTING IN THE NOTES.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes and the Guarantee are being offered and sold outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**") and within the United States only to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**"). Prospective purchasers are hereby notified that sellers of Notes and the Guarantee may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes and the Guarantee or passed upon the adequacy or accuracy of these Listing Particulars. Any representation to the contrary is a criminal offence. The Notes and the Guarantee are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. For a more complete description of restrictions on offers, sales and transfers, see "*Transfer Restrictions*" and "*Subscription and Sale*".

The Notes that are being offered and sold in accordance with Regulation S (the "**Regulation S Notes**") will initially be represented by a Regulation S global certificate (the "**Regulation S Global Certificate**") in registered form, without interest coupons attached, which will be registered in the name of a nominee for and will be deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on or about 25 July 2024 (the "**Closing Date**"). Notes that are offered and sold in reliance on Rule 144A (the "**Rule 144A Notes**") will initially be represented by beneficial interests in a restricted global certificate (the "**Rule 144A Global Certificate**" and, together with the Regulation S Global Certificate, the "**Global Certificates**") in registered form, without interest coupons attached, which will be deposited on or about the Closing Date with a custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their account holders. Definitive notes in respect of beneficial interests in the Regulation S Global Certificate and the Rule 144A Global Certificate ("**Regulation S Definitive Certificates**" and "**Rule 144A Definitive Certificates**", respectively, and, together, the "**Definitive Certificates**") will not be issued except as described under "*Terms and Conditions of the Notes*".

Prior to 40 days after the date of initial issuance of the Notes, ownership interests in Regulation S Notes will be limited to persons that have accounts with DTC, Euroclear or Clearstream, Luxembourg or persons who hold interests through DTC, Euroclear or Clearstream, Luxembourg, and any sale or transfer of interests to U.S. persons will not be permitted unless the resale or transfer is made pursuant to Rule 144A.

The Notes are expected to be rated "BB-" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**") and "BB-" by Fitch Ratings Ltd. ("**Fitch**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Credit ratings included or referred to in these Listing Particulars have been issued by S&P and Fitch. Fitch and S&P are established in the United Kingdom and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). Fitch and S&P appear on the latest update of the list of registered credit rating agencies (as of the date of these Listing Particulars) on the UK FCA's Financial Services Register. The ratings Fitch and S&P are expected to give to the Notes are endorsed by Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited, which are established in the EEA and registered under Regulation (EU) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**").

Sole Bookrunner, Green Structuring Agent and Development Finance Structuring Agent

J.P. Morgan

Co-Managers

Galt & Taggart | **TBC Capital**

Listing Particulars dated 23 July 2024

IMPORTANT INFORMATION ABOUT THESE LISTING PARTICULARS

These Listing Particulars do not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**") or Regulation (EU) 2017/1129 as it forms part of the UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**") or any implementing legislation or rules related thereto and constitute listing particulars for the purpose of giving information with regard to the Issuer, the Guarantor or GGU taken as a whole, as well as with regard to the Notes and the Guarantee, which, according to the particular nature of GGU and the Notes and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of GGU and of the rights attaching to the Notes and the Guarantee.

The Issuer and Guarantor accept responsibility for the information contained in these Listing Particulars. To the best of the knowledge of the Issuer and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

These Listing Particulars do not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Lead Manager (as defined in "*Subscription and Sale*"), the Co-Managers (as defined in "*Subscription and Sale*") or the Trustee to subscribe for or purchase any Notes in any jurisdiction where it is unlawful to make such an offer or invitation. The distribution of these Listing Particulars and the offering of the Notes and the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer, the Guarantor, the Lead Manager, the Co-Managers and the Trustee to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and the Guarantee and distribution of these Listing Particulars, see "*Transfer Restrictions*" and "*Subscription and Sale*".

No person is authorised to provide any information or to make any representation not contained in these Listing Particulars and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Lead Manager, the Co-Managers or the Trustee. The delivery of these Listing Particulars at any time does not imply that the information contained in them is correct as at any time subsequent to its date. Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date of these Listing Particulars.

None of the Issuer, the Guarantor, the Lead Manager, the Co-Managers, the Trustee or any of its or their respective representatives or affiliates makes any representation to any offeree or purchaser of the Notes and the Guarantee offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal, investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the purchase of the Notes and the Guarantee.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes and Guarantee or possess these Listing Particulars. Any consents or approvals that are needed in order to purchase any Notes and the Guarantee must be obtained. The Issuer, the Guarantor, the Lead Manager, the Co-Managers and the Trustee are not responsible for compliance with these legal requirements. The appropriate characterisation of the Notes and the Guarantee under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase the Notes and the Guarantee, is subject to significant interpretative uncertainties. No representation or warranty is made as to whether, or the extent to which, the Notes and the Guarantee constitute a legal investment for investors whose investment authority is subject to legal restrictions, and investors should consult their legal advisers regarding such matters.

The contents of GGU's website do not form any part of these Listing Particulars.

No representation or warranty, express or implied, is made by the Lead Manager, the Co-Managers, the Trustee or any of their respective affiliates or any person acting on their behalf as to the accuracy or completeness of the information set forth in these Listing Particulars. Nothing contained in these Listing Particulars is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

Each person receiving these Listing Particulars acknowledges that such person has not relied on the Lead Manager, the Co-Managers, the Trustee or any of its or their affiliates or any person acting on their behalf in connection with its investigation of the accuracy or completeness of such information or its investment decision. Each person contemplating making an investment in the Notes and the Guarantee from time to time must make its own investigation and analysis of the creditworthiness of GGU and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment.

The language of these Listing Particulars is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Issuer, the Lead Manager and the Co-Managers make no assurances as to (i) whether the Notes will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used for the Eligible Projects (as defined herein), (iii) the characteristics of the Eligible Projects, including their environmental and sustainability criteria or (iv) the suitability of the Notes to fulfil such environmental and sustainability criteria. The Lead Manager and the Co-Managers have not undertaken, nor are responsible for, any assessment of the Eligible Projects, any verification of whether the Eligible Projects meet the eligibility criteria of the Green Bond Framework or any monitoring of the use of proceeds. The Green Bond Framework, the Second Party Opinion and any public reporting by or on behalf of the Issuer in respect of the application of proceeds will be available on the Issuer's website www.ggu.ge but, for the avoidance of doubt, will not be incorporated into and do not form part of these Listing Particulars.

No assurance is given by the Issuer or the Sole Bookrunner, Green Structuring Agent and Development Finance Structuring Agent that investing in the Notes or the use of proceeds by the Issuer will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to development impact financing, including related sustainability criteria or goals. See "*Sustainable Development Impact*". No independent verification as to the accuracy or completeness or lack thereof of the "*Sustainable Development Impact*" section of these Listing Particulars has been done by J.P. Morgan Securities plc in its role as the Sole Bookrunner, Green Structuring Agent and Development Finance Structuring Agent. The information contained in the section "*Sustainable Development Impact*" of these Listing Particulars (a) is not a substitute for an investor's independent evaluation and analysis and (b) should not be considered as a recommendation by the Sole Bookrunner, Green Structuring Agent and Development Finance Structuring Agent that any transactions or related projects described in the "*Sustainable Development Impact*" section of these Listing Particulars achieve any particular development finance criteria or requirement to which it may be subject. The "*Sustainable Development Impact*" section of these Listing Particulars has been prepared, in part, based on certain forward-looking statements and projections provided by the Issuer. Any such statements and projections reflect various estimates and assumptions by the Issuer concerning anticipated results. No representations or warranties are made by the Sole Bookrunner, Green Structuring Agent and Development Finance Structuring Agent as to the accuracy of any such statements or projections. Whether or not any such forward looking statements or projections are in fact achieved will depend upon future events some of which may not be within the control of the Issuer. See "*Forward-Looking Statements*". Accordingly, actual results may vary from the projected results and such variations may be material. No fiduciary duties are owed to any party by the Sole Bookrunner, Green Structuring Agent and Development Finance Structuring Agent.

NOTICE TO INVESTORS IN GEORGIA

These Listing Particulars have not been approved by the National Bank of Georgia (the "**NBG**"). No notification has been made to, and no consent has been sought or obtained from, the NBG for public offering of the Notes in Georgia. These Listing Particulars and the information contained herein are not a "public offer" or "advertisement" (each as defined in Georgian law) of the Notes in Georgia and are not an offer, or an invitation to make offers, to purchase, sell, exchange or transfer any securities in Georgia or to or for the benefit of any Georgian person or entity, unless and to the extent otherwise permitted under Georgian law, and must not be made publicly available in Georgia. The Notes have not been and will not be registered in Georgia and are not intended for "placement", "public circulation", "offering" or "advertising" (each as defined in Georgian law) in Georgia except to "sophisticated investors" (as defined in the Law of Georgia on Securities Market (the "**Securities Market Law**") and its implementing regulations), or as otherwise permitted by Georgian law.

NOTICE TO PROSPECTIVE U.S. INVESTORS

THE NOTES AND THE GUARANTEE HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES AND GUARANTEE OR THE ACCURACY OR THE ADEQUACY OF THESE LISTING PARTICULARS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THIS OFFERING IS BEING MADE IN THE UNITED STATES IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT FOR AN OFFER AND SALE OF THE NOTES AND THE GUARANTEE WHICH DOES NOT INVOLVE A PUBLIC OFFERING. IN MAKING YOUR PURCHASE, YOU WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS. SEE "*TRANSFER RESTRICTIONS*" AND "*SUBSCRIPTION AND SALE*".

THESE LISTING PARTICULARS ARE BEING PROVIDED (1) TO A LIMITED NUMBER OF INVESTORS IN THE UNITED STATES THAT GGU REASONABLY BELIEVES TO BE "QIBS" FOR INFORMATIONAL USE SOLELY IN CONNECTION WITH THEIR CONSIDERATION OF THE PURCHASE OF THE NOTES AND THE GUARANTEE AND (2) TO INVESTORS OUTSIDE THE UNITED STATES IN CONNECTION WITH OFFSHORE TRANSACTIONS COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S.

NOTICE TO UNITED KINGDOM RESIDENTS

In the United Kingdom, these Listing Particulars are only being distributed to and is only directed at: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities of the Issuer may otherwise lawfully be communicated or be caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). Any investment or investment activity to which these Listing Particulars relate is only available to, and the Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, Relevant Persons. Any person who is not a relevant person should not act or rely on these Listing Particulars or any of its contents and should return these Listing Particulars as soon as possible and take no other action. By accepting receipt of these Listing Particulars, each recipient is deemed to confirm, represent and warrant to the Issuer, the Lead Manager and each Co-Managers that it is a person to whom these Listing Particulars can be lawfully distributed.

PRIIPs Regulation/ Prohibition of Sales to EEA Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in

Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**").Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation/Prohibition of Sales to UK Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR Product Governance / Professional Investors and ECPs Only Target Market: Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act – In connection with Section 309B of the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the Securities and Futures Act), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the initial allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes and Guarantee are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-

2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or the Trustee, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

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OVERVIEW OF THE OFFERING

This overview describes the principal terms of the Notes and the Guarantee. This overview does not purport to be complete and is qualified in its entirety by the remainder of these Listing Particulars. See "Terms and Conditions of the Notes" for a more detailed description of the Notes and the Guarantee.

The Offering	Offering of U.S.$300,000,000 8.875% Notes due 2024. The Notes and the Guarantee are being offered by the Issuer and the Guarantor (i) in the United States only to certain QIBs (as defined in Rule 144A) in reliance on Rule 144A; and (ii) outside the United States in offshore transactions in reliance on Regulation S.
Issuer	Georgia Global Utilities JSC.
Sole Bookrunner, Lead Manager, and Green Structuring Agent and Development Finance Structuring Agent	J.P. Morgan Securities plc.
Co-Managers	JSC Galt & Taggart and TBC Capital LLC.
Trustee	BNY Mellon Corporate Trustee Services Limited.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Issue Price	100% of the principal amount of the Notes.
Interest	The Notes will bear interest at the rate of 8.875% per annum from and including 25 July 2024 to but excluding 25 July 2029. Interest on the Notes will be payable semi-annually in arrear on 25 January and 25 July in each year, commencing on 25 January 2025.
Status and Ranking of the Notes	The Notes constitute unsecured and unsubordinated obligations of GGU (subject as described in Condition 5(a) (*Negative Pledge*)) and shall (i) be guaranteed by the Guarantor (subject to contractual limitations that reflect limitations under applicable law) and (ii) at all times rank *pari passu* and without preference amongst themselves. The Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 (*Covenants*), at all times rank at least *pari passu* in right of payment equally with all other unsubordinated creditors of the Issuer.
Guarantor	Georgian Water and Power LLC
Guarantee	The Notes will be, subject to contractual limitations that reflect limitations under applicable law, guaranteed, on a senior unsecured basis, by the Guarantor. In addition, the Issuer shall in certain circumstances procure additional guarantees from its Subsidiaries (as defined in the terms and conditions of the Notes (the "**Conditions**")), in accordance with and upon the satisfaction of certain

conditions set out in Condition 4(c) (*Additional Guarantors*) of the Terms and Conditions of the Notes.

The Guarantee may be released without the consent of the holders of the Notes under certain circumstances. See "*Terms and Conditions of the Notes—Condition 4 (Guarantee)*".

As of the date of these Listing Particulars, not all of the Issuer's subsidiaries will guarantee the Notes (such subsidiaries being referred to as the "**Non-Guarantor Subsidiaries**"). In the event of a bankruptcy, liquidation or reorganisation of any of the Non-Guarantor Subsidiaries, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to their parent entity. The Non-Guarantor Subsidiaries generated (0)% and (3)% of GGU's consolidated EBITDA for the three months ended 31 March 2024 and the year ended 31 December 2023, respectively, and held 6% of GGU's consolidated total assets as at 31 March 2024. As at 31 March 2024, the Non-Guarantor Subsidiaries had no external financial indebtedness outstanding. For additional information regarding the Guarantor, see "*Information in Respect of the Guarantor*".

The Guarantee is subject to the limitations as set forth under "*Terms and Conditions of the Notes—Condition 4 (Guarantee)*".

Form .... The Notes will be issued in registered form, without coupons attached, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will be represented by interests in a Regulation S Global Certificate and a Rule 144A Global Certificate, each in registered form without coupons. The Regulation S Global Certificate will be deposited with, and registered in the name of, a nominee for the common depositary for Euroclear and Clearstream, Luxembourg. The Rule 144A Global Certificate will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee for DTC. Ownership interests in the Regulation S Global Certificate and the Rule 144A Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg. The Global Certificates will be exchangeable for Definitive Certificates only in the limited circumstances described under "*Overview of Provisions Relating to the Notes in Global Form*".

Redemption .... Subject to early redemption or acceleration, the Notes will be redeemed on 25 July 2029. The Issuer may redeem some or all of the Notes on or after 25 July 2026 at the redemption prices set out in these Listing Particulars, plus accrued and unpaid interest, if any. Prior to 25 July 2026,

	the Issuer may redeem some or all of the Notes at a price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, plus a "make whole" premium, as described in these Listing Particulars.
Tax Redemption..	Upon the occurrence of certain events relating to taxation in Georgia as a result of which the Issuer becomes obligated to pay additional amounts on the Notes, the Issuer may redeem the outstanding Notes in whole (but not in part) at any time, at their principal amount plus accrued interest thereon (if any) to, but excluding the redemption date. See "*Terms and Conditions of the Notes—Condition 7(b) (Redemption for Taxation and Other Reasons)*".
Negative Pledge and Other Covenants..........................	Condition 5 (*Covenants*) contains a negative pledge on the Issuer and the Guarantor; covenants limiting mergers by the Issuer and its Material Subsidiaries (as defined in the Conditions), disposals by the Issuer and its Material Subsidiaries and transactions between the Issuer, its Material Subsidiaries and its Affiliates (as defined in the Conditions); the payment of dividends and other distributions and payments by the Issuer and the Guarantor, restrictions on the payment of dividends by Material Subsidiaries and the incurrence of Indebtedness (as defined in the Conditions) by the Issuer and the Guarantor; certain information furnishing requirements (including the provision of compliance certificates); and other covenants. See "*Terms and Conditions of the Notes—Condition 5 (Covenants)*".
Events of Default...	If an Event of Default (as defined in Condition 10 (*Events of Default*)) has occurred, the Trustee may give notice that the Notes are, and the Notes shall immediately become, due and payable at 100% of the principal amount together with (if applicable) accrued interest. See "*Terms and Conditions of the Notes—Condition 10 (Events of Default)*".
Credit Ratings...	The Notes are expected to be rated "BB-" by S&P and "BB-" by Fitch. Fitch assigned an expected long-term issuer default rating of "BB-" to GGU, with a stable outlook, while S&P assigned GGU a long-term issuer credit rating of "BB-" with a positive outlook. Fitch and S&P are established in the United Kingdom and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). Fitch and S&P appear on the latest update of the list of registered credit rating agencies (as of the date of these Listing Particulars) on the UK FCA's Financial

Services Register. The ratings Fitch and S&P are expected to give to the Notes are endorsed by Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited, which are established in the EEA and registered under Regulation (EU) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**").

Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of securities do not necessarily mean the same thing. The ratings do not address the likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the Maturity Date. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

Withholding Tax or Increased Costs; Gross up........... All payments of principal and interest by or on behalf of the Issuer or, as the case may be, the Guarantor, in respect of the Notes or Guarantee (as applicable) shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Georgia or any authority therein or thereof having power to tax, in accordance with "*Terms and Conditions of the Notes—Condition 9 (Taxation)*", unless such withholding is required by law, in which event the Issuer shall, save in certain circumstances provided in "*Terms and Conditions of the Notes—Condition 9 (Taxation)*", pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required.

Use of Proceeds .... The net proceeds to be received by GGU from the issuance of the Notes (after the deduction of management, underwriting and selling fees, and commissions and listing fees, but before the deduction of other expenses) are expected to be approximately U.S.$298.0 million. GGU will use the proceeds from the issuance of the Notes for general corporate purposes, including refinancing of existing indebtedness. Specifically, GGU plans to use the proceeds as follows:

- approximately U.S.$205,600,000 will be used to refinance existing shareholder loans; and

- approximately U.S.$94,400,000 will be used to finance capital expenditure in the water supply and sanitation business.

GGU intends to allocate to Eligible Projects (as defined below) an amount equal to the proceeds raised by the issuance of the Notes within four years of the date of issuance on a best-efforts basis.

International Financial Institutions .... DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH ("**DEG**") has entered into an agreement dated 12 July 2024 with the Issuer, pursuant to which, DEG has provided its intention to purchase up to U.S.$40 million in the aggregate principal amount of the Notes during the initial issuance. DEG will be allocated U.S.$35 million in the aggregate principal amount of Notes. The agreement with DEG sets out certain customary conditions to be met by the Issuer, including the Issuer's agreement to comply with certain international standards related to environmental, social, anti-money laundering, corruption and sanctionable practices. The terms of DEG's investment will not restrict its ability to buy or sell Notes in the future (or to buy additional Notes as part of the initial issuance of the Notes by the Issuer) and, as a result, DEG may buy or sell the Notes in open market transactions at any time following the completion of the offering of the Notes. DEG is a wholly owned subsidiary of Kreditanstalt für Wiederaufbau and a member of the KfW Bankengruppe, Germany.

International Finance Corporation ("**IFC**"), a member of the World Bank Group has approval to commit to purchase from the Issuer up to U.S.$60 million in the aggregate principal amount of the Notes during the initial issuance. IFC will be allocated U.S.$40 million in the aggregate principal amount of Notes. IFC's commitment to purchase the Notes is, among other conditions, subject to a minimum issue size and net yield threshold with respect to the Notes. IFC has executed a commitment letter and policy agreement with regards to its investment. In consideration of IFC's investment, the Issuer has agreed to pay a fee to IFC and made certain representations and covenants in the policy agreement with respect to compliance with certain international standards related to environmental, social, anti-money laundering, corruption and sanctionable practices by which any entity in which IFC invests must agree to be bound. The terms of IFC's investment will not restrict the ability of IFC to buy or sell Notes in the future (or to buy additional Notes as part of the distribution of the Notes by the Issuer) and, as a result, IFC may buy or sell the Notes in open market transactions at any time following the consummation of the Offering. IFC is a member of the World Bank Group.

In addition, the Issuer has entered into investment agreements with certain other development financial institutions and multi-lateral development banks (including Asian Development Bank ("**ADB**"), a regional development bank with its headquarters located in Manila, the Philippines, and other international financial institutions) pursuant to which each international financial institution ("**IFI**") will purchase Notes during the initial issuance, subject to certain conditions as described in each framework agreement. Among other things, the framework agreements will include the Issuer's undertaking to comply with each IFI's policy requirements relating to matters including, but not limited to, environmental and social matters, sanctions, anti-money laundering, anti-corruption and fraud. ADB has approval to commit to purchase from the Issuer up to U.S.$60 million in the aggregate principal amount of the Notes during the initial issuance. ADB will be allocated U.S.$40 million in the aggregate principal amount of Notes.

In the initial issuance of the Notes, certain IFIs (including, for the avoidance of doubt, DEG, IFC and ADB) have been allocated slightly more than 50 per cent. of the principal amount of the Notes. See "*Risk Factors—Risks Relating to the Notes and Guarantee—There may not be an active trading market for the Notes and trading in the Notes may be limited given the allocations of Notes expected to be granted to certain anchor or other investors*".

Listing and Admission to Trading................................. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its Global Exchange Market.

Selling Restrictions .... The Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States except to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The offer and sale of Notes is also subject to restrictions in Georgia, the United Kingdom and other jurisdictions. See "*Subscription and Sale*".

Governing Law .... The Notes, the Guarantee and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by, and shall be construed in accordance with, English law.

Arbitration and Jurisdiction..	The Notes, the Guarantee and the Trust Deed provide that disputes are to be resolved by arbitration in the London Court of International Arbitration (the "**LCIA**").
Risk Factors	Prospective purchasers of the Notes and the Guarantee should consider carefully all of the information set forth in these Listing Particulars and, in particular, the information set forth under "*Risk Factors*" before making an investment in the Notes and the Guarantee.
Security Codes	Regulation S Notes: ISIN: XS2868179396 Common Code: 286817939 Rule 144A Notes: ISIN: US373196AB02 Common Code: 286810969 CUSIP: 373196AB0

Overview of GGU

GGU is a water utility and renewable energy business which supplies potable water and provides wastewater collection and processing services to approximately 650,000 residential customers and 42,000 commercial customers in Georgia and generates electricity through its portfolio of four HPPs with an aggregate installed capacity of 149 MW. A portion of the electricity generated by GGU is used to power its water distribution network, while the remainder is sold to third parties. In the three months ended 31 March 2024 and the year ended 31 December 2023, GGU sold 39.4 million and 161.7 million cubic metres of water and generated 98.8 million and 405.1 million KWh of net electricity, of which 39.2 million KWh and 168.8 million KWh were used internally by the water supply and sanitation services business, respectively.

For the three months ended 31 March 2024, 86.5% and 13.3% of total revenue, income and gains and 80.3% and 19.7% of segmental EBITDA was attributable to water supply and related services and electric power sales, respectively. For the year ended 31 December 2023, 86.7% and 13.0% of revenue, income and gains and 79.3% and 20.7% of segmental EBITDA was attributable to water supply and related services and electric power sales, respectively.

GGU's water supply and sanitation services business is a natural monopoly in the capital city of Tbilisi and the surrounding area, including the cities of Rustavi, Mtskheta and Gardabani, supplying these areas with potable water. The customer base for this business includes both commercial and residential customers, of which it had approximately 42,000 and 650,000 as at 31 March 2024, respectively. GGU earns a regulated return in relation to its water business, which is based on a methodology adopted by GNERC in August 2017. Allowed revenue for the current 2024-2026 regulatory period is determined by applying a WACC of 15.45% to GGU's RAB, taking into account depreciation, operating expenses and corrections from the previous regulatory period. During the past several years, GGU has been expanding its RAB through capital investments in water and wastewater infrastructure which have been intended to improve the quality of water supply and sanitation services to customers and contribute to operating efficiencies.

GGU currently operates four HPPs with a total installed capacity of 149 MW, including the Zhinvali, Tetrikhevi, Saguramo and Bodorna HPPs. The power produced by these HPPs is primarily used to power GGU's water distribution network. In the three months ended 31 March 2024 and the year ended 31 December 2023, 40% and 42% of the power produced was used to power GGU's water distribution network and the remainder was sold to third parties on the free market.

During the three months ended 31 March 2024, GGU generated revenue, income and gains of GEL 66.2 million and EBITDA of GEL 42.1 million and as at 31 March 2024, it had assets of GEL 945.1 million. During the year ended 31 December 2023, GGU generated revenue, income and gains of GEL 220.3 million and EBITDA of GEL 127.7 million and as at 31 December 2023, it had assets of GEL 903.6 million.

RISK FACTORS

An investment in the Notes involves certain risks. Prior to making an investment decision, prospective purchasers of Notes should carefully read these Listing Particulars. In addition to the other information in these Listing Particulars, prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment in the Notes. Any of the risks described below could have a material adverse effect on GGU's business, financial condition and results of operations. If any of the following risks actually occurs, the market value of the Notes may be adversely affected. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below. Although management believes that the risk factors described below represent the principal risks inherent in investing in the Notes, there may be additional risks and uncertainties that management currently considers immaterial or of which management is currently unaware, and any of these risks and uncertainties could have similar effects to those set forth below. Accordingly, the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Risks Relating to GGU

GGU's operations are located in, and its revenue is sourced from, Georgia, and any deterioration in macroeconomic conditions in Georgia will adversely affect its business.

Substantially all of GGU's revenue is derived from Georgian customers. Accordingly, GGU's results of operations are, and are expected to continue to be, affected by political, financial and economic developments in or affecting Georgia and, in particular, by the level of economic activity in Georgia and the wider region. In addition to gross domestic product ("**GDP**") growth, factors such as inflation, interest and foreign currency exchange rates, as well as unemployment, personal income, tourism levels and the financial condition of Georgian companies, can have a material impact on customer demand for GGU's products and services.

Any deterioration or instability in the Georgian economy will adversely affect GGU's business. The Georgian economy may be more vulnerable to external shocks due to its persistent current account deficits, large negative net international investment position and high (albeit declining) level of dollarisation. The current account deficit fell significantly between 2022 and 2023 amid strong external capital inflows. In 2023, the deficit narrowed slightly and external capital inflows decreased from their 2022 levels. There can be no assurance that the current account deficit will continue to be lower than it has been historically. Furthermore, the high level of dollarisation across the Georgian economy hinders the effectiveness of the NBG's monetary and exchange rate policies, which the NBG may employ to address instability or external shocks.

Since the beginning of 2020, the Georgian economy has been affected by successive external shocks caused by the COVID-19 pandemic and Russia's war in Ukraine. After the contraction induced by the COVID-19 pandemic in 2020, Georgia's economic activity recovered in 2021 and gained additional momentum in 2022 due to inbound migration and inflows of capital as a result of the war in Ukraine. According to the Legal Entity of Public Law National Statistics Office of Georgia ("**Geostat**"), real GDP growth was 7.5%, 11.0% and 10.6% in 2023, 2022 and 2021, respectively. There can be no assurance, however, that growth for the coming years will follow the same trend.

Notwithstanding the return to economic growth following the aforementioned shocks, the Georgian economy faces challenges to its growth prospects such as sustained geopolitical instability in the region and in Georgia, and volatile global financial conditions. In particular, political instability in Georgia has been escalating recently in relation to the Law of Georgia on Transparency of Foreign Influence (the "**Foreign Influence Law**"), which was reinitiated in the Georgian Parliament in April 2024 and passed into law in June 2024 (with the principal provisions coming into effect in August 2024). See "*—Macroeconomic and Political Risks Related to Georgia—GGU is subject to risks associated with political, financial and economic instability in Georgia and the wider region*" for more details. In the event of further escalation in regional conflicts or additional measures by Western central banks to address inflation, the Georgian economy may face local currency depreciation, higher inflation and slower economic growth.

Any adverse macroeconomic developments in the Georgian or global economy could have a material adverse effect on GGU's business, financial condition and results of operations.

Changes in regulated tariffs could have an adverse effect on GGU's results of operations and financial condition.

GGU is subject to a substantial degree of regulation, particularly with respect to the tariffs it may charge for its regulated activities, which include its water supply and sanitation business as well as the Zhinvali hydroelectric power plant ("**HPP**"). GGU's revenue from its regulated water business is based on a methodology adopted by the Georgian National Energy and Water Supply Regulatory Commission ("**GNERC**") in August 2017. The methodology is a hybrid incentive-based and cost-plus tariff calculation model. This model is aimed at allowing for a fair return on invested capital and operating expenses that utilities must incur for their continued operations. Under the model, GGU multiplies a weighted average cost of capital ("**WACC**") by the net book value of its regulated asset base ("**RAB**"), essentially comprising the net book value of its existing assets plus capital expenditure it has made. This yields the return on assets, to which depreciation and operating expenses are added in order to reach allowed revenue (taking into account any corrections from the previous regulatory period). All calculations are in accordance with GNERC's tariff methodology, which differs from the presentation in GGU's financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The methodology introduced in August 2017 defines a three-year regulatory period. The first regulatory period for which this methodology applied ran from 1 January 2018 to 31 December 2020, followed by the most recently ended period, which ran from 1 January 2021 to 31 December 2023. The third regulatory period runs from 1 January 2024 to 31 December 2026. The WACC specified for the first three-year regulatory period was 15.99%. The WACC applicable for the second three-year regulatory period was 14.98% and the WACC applicable for the current 2024-2026 regulatory period is 15.45%. GGU is required to submit a new tariff application no later than 4 July of the year immediately preceding the next three-year tariff period. There is no guarantee that the WACC for the next three-year tariff period will not be lower than the WACC for the current 2024-2026 regulatory period. Together with the tariff application, GGU is required to submit its most recent audited financials. GNERC is authorised to request any additional information it requires and the tariff is set through public proceedings, based on the same methodology as applied previously. The final deadline for the completion of the tariff-setting process is established by GNERC itself. However, it must be finalised prior to the start of the new regulatory period.

In January 2024, a new water supply tariff was introduced, having been approved by GNERC in December 2023. The new tariff for water and sewage services included a 35.4% and 75.2% increase for commercial customers in Tbilisi and Rustavi, respectively, as compared to the tariff applicable in the previous regulatory period (from 2021 to 2023). These tariff increases will result in a 45.8% increase in GGU's allowed revenue in the regulatory period 2024-2026 compared to GGU's allowed revenue in the previous regulatory period. These tariffs for commercial customers will be applicable for a three-year regulatory period. Given the significant increase in the tariff for water and sewage services for commercial customers, there may be limited potential for further increases. The tariff for residential customers remained unchanged compared to the previous regulatory period.

In relation to sales of electricity, GWP is classified as a public service power producer and its Zhinvali HPP is subject to pricing thresholds set by GNERC. In 2023, GNERC approved new three-year tariffs for regulated power plants and the tariff for the Zhinvali HPP was increased by 33.2%. The Bodorna, Saguramo and Tetrikhevi HPPs are not subject to price regulation for their electricity sales.

The Zhinvali HPP charges GWP, GGU's main water supply subsidiary, the regulated tariff for the electricity consumed in its water supply and sanitation business in Tbilisi, the cost of which is then included in "allowed revenue" under the above methodology and is reimbursed through the water tariff. For details of the methodology for calculating allowed revenue, see "*Business—Water Supply and Sanitation—Sales and Tariffs*". Any excess electricity not used in the water supply and sanitation business in Tbilisi, other than electricity produced by the Bodorna HPP during the period from September to April (inclusive) each year (which is sold to ESCO based on the long-term PPA to which it is party) is sold by GWP on the free market at market prices above the regulated tariff. See "*Business—Regulation—ESCO*".

As a result of the application of the above methodology, GGU has a degree of predictability in relation to its revenue stream for its water supply and sanitation business over a given three-year regulatory period. There can be no guarantee, however, that in the future GNERC will not amend the tariff calculation model, regulated tariffs or the conditions of access to such regulated tariffs, in a manner that could be adverse to GGU. Similarly, although GNERC recently raised tariffs that may be charged by the Zhinvali HPP, there can be no assurance that it will not in the future amend the tariffs for the Zhinvali HPP in a manner that could be adverse to GGU. Any adverse changes in regulated tariffs could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU is subject to extensive government regulations and any such regulations or new regulations could restrict the Group's operations or increase the costs of operations or impose additional capital expenditures.

GGU is subject to risks associated with electricity market reforms in Georgia, and in particular risks related to the transition to a "self-dispatch" model, where generation and consumption schedules and the dispatch of power generation and demand facilities are determined by the scheduling agents of those facilities, and the introduction of a "balancing responsibility" model, whereby all participants in the wholesale electricity trade, including large electricity consumers and power producers, will be financially responsible for any negative imbalances they cause in the electricity supply system. The transition to a "self-dispatch" principle and a "balancing responsibility" model is scheduled to occur in July 2025. To facilitate this transition, on 28 May 2020, GNERC issued a licence to JSC Georgian State Electrosystem ("**GSE**") to operate the electricity balancing and ancillary services market. According to this licence, GSE is responsible for the operation of the balancing and ancillary services market, electricity balancing mechanisms, the definition of relevant products and the calculation of imbalance fees. On 11 August 2020, GNERC adopted new market rules (the "**New Market Rules**"), according to which, in order to reduce counterparty risk, settlement and payments in respect of imbalances will be made through GSE. Imbalance invoices will be issued on a monthly basis to participants in the wholesale electricity market, which are payable by the 22nd day of the month following the reporting month. Further, financial guarantees are required for all participants in the wholesale electricity market. In the event that GGU's operations cause imbalances in the electricity supply system, GGU will be financially responsible for such imbalances and GGU may experience other operational and/or financial hurdles in connection with these electricity market reforms, any of which may have a material adverse effect on its business, results of operations and financial condition.

Further, following the enactment of the Electricity Market Model Concept (the "**EMMC**") on 16 April 2020, electricity pricing will be based predominantly on market driven factors, including demand for electricity from end-users, the available supply of electricity from generation assets connected to the electricity network and interconnection capacity with, and the market situation in, neighbouring countries. According to the most recent amendments to the EMMC, the intra-day and day-ahead markets opened in July 2024. Trading pursuant to the legacy market rules will continue and trading on day-ahead and intra-day markets will be voluntary until July 2025. The launch of the balancing responsibility and the market for balancing and ancillary services has been postponed until July 2025. It is not yet clear how the transition to the new power market model will affect the trading price of electricity and revenues generated by GGU from the sale of electricity to third parties. For more detail on the new power market model, please see "*Business—Regulation—Service Quality Rules—Harmonisation with E.U. Law*".

Any adverse impacts from changes in law and policy could result in the restrictions of operations or impose additional capital expenditures which may restrict GGU's operations, which in turn could have a material adverse effect on GGU's business, results of operations and financial condition.

Climate conditions, the availability of water and natural hazards can affect GGU's ability to supply water to its customers as well as its ability to generate electricity from its power plants.

The amount of water in the Zhinvali Reservoir, GGU's main water source for its water supply and sanitation business, and in groundwater storage depends on climate conditions. During drought periods, demand for water will be higher while the amount of available water will be lower, with the reverse also being true. Insufficient water in the Zhinvali Reservoir may result in GGU incurring additional costs in order to secure additional water sources, although this has never occurred in the past. Drawing upon alternative water sources would likely be more expensive for GGU because sourcing water from the Natakhtari and Mukhrani water conduits requires more electricity which would increase operating costs and reduce short-term liquidity.

Adverse weather conditions can also affect GGU's renewable energy business. In drought conditions, the level of electricity produced by GGU's HPPs for sale to third parties may be lower, which would result in lower revenue, and in prolonged cases, the Zhinvali HPP may be unable to generate sufficient electricity for the internal electricity consumption of GWP. In that event, GWP would need to purchase electricity from third party sources, which would entail additional operating costs, which would in turn harm GGU's short-term liquidity but would be reimbursed in subsequent regulatory periods in accordance with the current tariff-setting methodology. Moreover, the Tetrikhevi HPP is located on irrigation channels and the supply of water to this HPP may be diverted for irrigation purposes, which will, by law, have statutory priority over the supply of water for electricity generation purposes during the irrigation season in the summer months. Any rehabilitation works carried out on irrigation channels can also limit water supply to the Tetrikhevi HPP.

In addition to drought conditions, natural disasters such as earthquakes and landslides can disrupt GGU's water supply. The Dusheti region, where the Zhinvali Reservoir is located, is particularly exposed to these risks. In the event of any such natural disaster, GGU would be required to incur additional expenses to manage the resulting disruption to its operations.

While GGU projects electricity generation on the basis of normal weather representing a long-term historical average and considers possible variations in normal weather patterns, taking a conservative approach where necessary, and regularly assesses the potential impact of climate change on its operations, there can be no assurance that such planning can address an impact of adverse weather conditions or accurately predict future weather conditions. To the extent climate change causes changes in temperature, variability in precipitation or exacerbates the intensity or frequency of extreme weather events, this could negatively impact GGU's business.

Any adverse weather conditions, whether as a result of climate change or otherwise, could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU requires significant capital expenditure in relation to its aging water supply network and there can be no assurance that it will continue to be able to fund such capital expenditure.

Certain parts of the water supply network in Georgia date back to the Soviet period and are in poor condition. As a result, disruptions to the water supply have historically been frequent and water losses have been relatively high. In addition, the water supply network may require capital expenditure due to the actions of third parties. For example, in June 2024, the water supply to approximately 60,000 customers in Tbilisi was disrupted for a period of one week due to the third-party damage to the main water supply pipeline near Tsitsamuri village. GGU has estimated the repair costs for this incident to be approximately GEL 3 million. In relation to water losses, GGU has been investing in its water supply network, which has helped it to reduce its non-revenue water ratio (the "**NRW Ratio**"), which represents water that is produced but lost before it reaches the customer. The NRW Ratio in Tbilisi, Mtskheta and Rustavi declined to 69.3% in 2023, compared to 72% in 2022 and 74% in 2021. The NRW Ratio in Tbilisi, Mtskheta and Rustavi for the three months ended 31 March 2024 and 2023 was 69.1% and 71.1%, respectively. GGU was also able to decrease its consumption of self-produced electricity (which is the primary cost driver of the water supply and sanitation business and therefore a major focus for GGU's management). Self-produced electricity consumption was 168.8 million KWh, 178.1 million KWh and 180.3 million KWh in 2023, 2022 and 2021, respectively. Self-produced electricity consumption was 39.2 million KWh and 40.2 million KWh in the three months ended 31 March 2024 and 2023, respectively. GGU is continuing to invest in its water supply network, having incurred GEL 189.9 million, GEL 104.9 million and GEL 77.8 million in capital expenditure in connection with its water supply and sanitation business in 2023, 2022 and 2021, respectively. It incurred GEL 42.3 million and GEL 34.8 million of capital expenditure related to its water supply and sanitation business in the three months ended 31 March 2024 and 2023, respectively. See "*Business—Operations—Water Supply and Sanitation Services—Capital Expenditure*" for further detail. There can be no assurance, however, that GGU will continue to reduce water losses and consumption of self-produced electricity or that its capital expenditure will be sufficient to maintain its water supply network.

Furthermore, capital expenditure undertaken by GGU may place significant demands on management time and on its financial resources. Such projects are subject to the risk of cost overruns and may not be completed on time or at all. Although GGU has a degree of predictability in relation to the return on investment for the capital expenditure it undertakes due to the methodology applied in its tariff calculation model, there can be no assurance that GGU will achieve the objectives it intends in connection with its capital expenditure. In particular, GGU makes assumptions regarding improvements in the NRW Ratio, cost savings, synergies and revenue enhancements when it budgets capital expenditure and these assumptions may prove to be incorrect. GGU may also be required to make additional capital expenditure beyond the currently envisaged capital expenditure programme to ensure its uninterrupted operations. If GGU's capital expenditure programme does not achieve the stated objectives, sufficient internal financial resources are not available to fund additional capital expenditure or third-party funding is not available on commercially acceptable terms or at all, its business, results of operations and financial condition could be materially adversely affected.

GGU is subject to service quality regulations, which may place additional obligations on it and may reduce its profitability.

In June 2021, GNERC adopted service quality rules which introduced service quality standards that are applicable to all utility companies. These rules replaced the revised service quality rules adopted by GNERC in December 2018 which were effective from 1 July 2019. In 2022, these rules were further amended but no significant changes were made. The rules are intended to improve overall service quality among utility companies and include standards in relation to the response time for customer complaints, new customer registration requests and phone calls. The rules also require that subscribers are informed about planned supply interruptions through "out of service" notifications via email and/or text (SMS) messages. The rules contain a clear framework for handling unplanned service interruptions and new customer connections. Planned interruptions in the case of simple maintenance works shall not exceed six hours. For complex maintenance works, the permissible duration of interruption of water supply services is dependent on the number of impacted subscribers and may last from 12 to 48 hours. Information on all interruptions shall be kept in physical and/or in electronic form for the duration of three years thereafter.

Service standards are divided into two types: (i) general standards; and (ii) guaranteed standards. See "*Business—Regulation—Service Quality Rules*". In relation to breaches of the general standards, each 1% increase/decrease in set milestones shall cause an increase/decrease in the regulatory cost base of 0.01% for the purposes of calculation of the applicable tariff but the cumulative effect shall not exceed 1%.

In relation to breaches of the guaranteed standards, the service provider is required to pay compensation to the affected customers for each breach in the amount and on terms defined in the service quality rules.

The rules also introduced a system average interruption frequency index ("**SAIFI**") and the methodology for its calculation. Average SAIFI indicators and related financial incentives and sanctions were also established, and the aggregate amount of incentives or sanctions shall not exceed 1% of the regulated cost base ("**RCB**").

From time to time, GGU may be subject to sanctions by GNERC for breaches of the service quality rules and any future material breaches of these rules or any additional service quality obligations placed upon GGU could have a material adverse effect on its business, results of operations and financial condition.

Contamination of water, either from naturally occurring compounds or man-made sources, may result in the interruption of water supply and/or exposure to hazardous substances, which could in turn result in liability for GGU.

The main water source for GGU's water supply and sanitation business is the Zhinvali Reservoir, which is located in the Dusheti region of Georgia. The Zhinvali Reservoir may become subject to contamination from naturally occurring compounds as well as pollution resulting from man-made sources. Although GGU monitors water quality on an hourly basis via an early notification system covering the entire Aragvi Valley, any possible contamination due to factors beyond its control could force GGU to shut down or temporarily disrupt water supply to its customers. In that event, supplying water from alternative sources (such as the Natakhtari or Mukhrani water conduits), would result in increased operating costs. The treatment of contaminated water would also entail additional expenses for GGU, which would harm its short-term liquidity but would be reimbursed in subsequent regulatory periods in accordance with the current tariff-setting methodology. See "—*Changes in regulated tariffs could have an adverse effect on GGU's results of operations and financial condition*". Since GGU has never experienced a contamination of its water supply, it is unable to quantify these additional costs but they could be material depending upon the severity of the contamination. In addition, GGU may be held liable for environmental damage and other consequences arising from the exposure of humans to hazardous substances and may become subject to civil, administrative or criminal enforcement actions, private litigation and clean-up obligations, which could result in financial and reputational damage. If GGU's water supply is contaminated and it is unable to substitute its water supply in a timely and cost-effective manner, or if it incurs liabilities in connection with any such contamination, its business, results of operations and financial condition could be materially adversely affected.

GGU uses gaseous chlorine deposited in gas tanks for water purification, which gives rise to the risk of explosions which can threaten human lives and result in substantial environmental damage.

Water is carried from the Zhinvali Reservoir to end users, with chlorination occurring on the five head works which are part of the water infrastructure and are supplied from the Zhinvali Reservoir with crude water. Each headwork has a separate chlorination system and discharges water to the supply network. The water may require additional purification in certain instances. For example, when the distance to the end user is relatively long, this can result in a decrease in chlorine levels in the water. For these reasons, chlorine tanks are installed on the water units located across the districts of the cities GGU serves. GGU complies with rules and regulations applicable to the use of gaseous substances and conducts specialised trainings for its personnel in relation to the handling of gaseous chlorine. Nevertheless, gaseous chlorine deposited in gas tanks gives rise to the risk of explosions, although GGU has not yet experienced such an event. In the event of an explosion, GGU will be subject to sanctions under relevant environmental laws and may also become subject to private litigation to the extent private property is damaged, as well as reputational damage and, if humans are harmed, criminal proceedings.

Currently, all of GGU's chlorine stations are equipped with all necessary protective systems and equipment and Emergency Response Plans are in place. When installing new chlorine systems, preference has been given to the method of sodium hypochlorite instead of gaseous chlorine. In addition, GGU is actively studying opportunities for the gradual replacement of gaseous chlorine systems with sodium hypochlorite in all of GGU's chlorine stations that are being actively studied.

Notwithstanding these measures, any explosion of gaseous chlorine could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU's cash flows may be adversely affected if it does not maintain its collection rates for its water supply and sanitation customers.

GGU provides water supply and sanitation services to both commercial and residential customers. In recent periods, GGU's collection rates have been high, at 100%, 98% and 100% for commercial customers and 91%, 94% and 89% for residential customers in 2023, 2022 and 2021, respectively. Collection rates were 99% and 99% for commercial customers and 89% and 91% for residential customers in the three months ended 31 March 2024 and 2023, respectively. In 2021, following a decision of the Georgian Constitutional Court, GNERC amended its regulation so that power producers are no longer allowed to disconnect a customer from electricity supply for non-payment of water bills if the water supply company has the ability to disconnect water supply to the relevant customer, which could have a negative effect on GGU's collection rates. There can also be no assurance that high collection rates will continue, if economic conditions in Georgia were to deteriorate, which could affect customers' ability to pay their water bills and/or by any further legislative changes. See "—*GGU's operations are located in, and its revenue is sourced from, Georgia, and any deterioration in macroeconomic conditions in Georgia will adversely affect its business*".

GGU is dependent upon a PPA with ESCO in relation to its Bodorna HPP.

The Bodorna HPP sells a portion of the electricity it generates pursuant to a power purchase agreement (the "**Bodorna PPA**") with ESCO as the offtaker for the period until 2028. See "*Business—Regulation—ESCO*" for further details relating to ESCO and its arrangements with the Bodorna HPP. The Bodorna PPA applies only for the period from September to April (inclusive) in each year. The Bodorna PPA can generally only be terminated in circumstances of force majeure or default by either of the parties. Purchase prices for electricity generated under the Bodorna PPA are pre-determined. For the period from May to August, electricity generated by the Bodorna HPP is sold at market prices. There is no expectation that the Bodorna PPA will be extended beyond 2028 and there can be no assurance that GGU will be able to find arrangements for the sale of the electricity it generates that are as favourable as those under the Bodorna PPA. The Bodorna PPA is set to expire in 2028 and, at the time of its expiration, market prices may be volatile as a result of various factors. See "—*GGU is exposed to the risk of fluctuations in electricity prices, which can be volatile*". The Government offers PPAs, which are effectively intended to serve as a price hedge, as an incentive to HPP developers. From 2018, the PPA process is determined by the new public private partnership ("**PPP**") agency, which conducts a cost/benefit analysis and concludes whether the project requires any support from the Government and decides on the mechanism of support. Notwithstanding changes to Georgian energy regulations, the PPAs already entered into by the Government remain effective. However, the offering of new PPAs will be limited due to associated fiscal risks and their inconsistency with the principles of new power market model. As a result, some projects will be offered PPAs and possibly other forms of support. For example, the Government recently introduced a contract for difference ("**CFD**") mechanism to encourage the development of renewable energy. If GGU is unable to find suitable arrangements for the replacement of the Bodorna PPA, this could, in the longer term, have a material adverse effect on its business, results of operations and financial condition.

GGU is exposed to the risk of fluctuations in electricity prices which can be volatile.

To the extent electricity generated by the Zhinvali HPP is not used for internal consumption by GGU's water supply and sanitation business, it is sold by GWP to direct consumers on the free market at market prices above the regulated tariff. In 2023, 45% of net electricity generated by the Zhinvali HPP was used for internal consumption by GGU's water supply and sanitation services business. In addition, the Bodorna PPA applies only for the period from September to April (inclusive), with electricity generated during the period from May to August is also sold at market prices. As a result of these arrangements, GGU is exposed to the risk of fluctuations in electricity prices. Electricity prices can be volatile due to various factors, including changes in electricity demand and/or prevailing economic conditions. Georgian electricity prices have historically been relatively stable, with the weighted balancing electricity selling price reported by ESCO being U.S.$ c 5.2 per KWh in 2023, compared to U.S.$ c 5.5 in 2022 and U.S.$ c 4.9 in 2021. The weighted average balancing price for the three months ended 31 March 2024 increased by 6.5% compared to the three months ended 31 March 2023. There can be no assurance, however, that this will continue to be the case and any adverse changes to the electricity selling price may materially affect GGU's results of operations, business and financial condition. See "*—GGU's operations are located in, and its revenue is sourced from, Georgia, and any deterioration in macroeconomic conditions in Georgia will adversely affect its business*".

In addition, GGU's power plants built after 2010 have priority access to the Turkish energy market. To the extent it exports electricity to Türkiye, which is Georgia's main export market for electricity, which will be exposed to Turkish energy prices, which have been volatile in the past. In Türkiye, electricity prices spiked in 2022, reaching U.S.$ c 14.8/KWh in 2022, before declining to U.S.$ c 9.8/KWh in 2023. This compared to U.S.$ c 5.6/KWh in 2021. The main drivers behind this surge were the global rise in natural gas prices amid the current energy crisis and Türkiye's reliance on gas-fired thermal power plants.

Further, the transition to the new power market model (which is discussed above under "*—GGU is subject to extensive government regulations and any such regulations or new regulations could restrict the Group's operations or increase the costs of operations or impose additional capital expenditures*") will affect the trading price of electricity and revenues generated by GGU from the sale of electricity to third parties. For more detail on the new power market model, please see "*Business—Regulation—Service Quality Rules—Harmonisation with E.U. Law*".

Any fluctuations in electricity prices in Georgia or any of GGU's current or future export markets could have a material adverse effect on its business, results of operations and financial condition.

Maintenance and refurbishment of power plants involve significant risks that could result in unplanned power outages, reduced output and unanticipated capital expenditure.

The operation of GGU's power plants involves risks that include the breakdown or failure of equipment or processes, performance below expected levels of output or efficiency and the inability to transport electricity to customers in an efficient manner due to a lack of transmission capacity or transmission infrastructure issues. Such failures and performance issues can stem from a number of factors, including errors in operation, lack of maintenance and general wear over time. As a result, GGU's facilities may require planned periodic major overhaul activities and repair works, which may also include improvements. Unplanned outages of power plants may occur from time to time and are an inherent risk of GGU's renewable energy business. Unplanned outages of GGU's power plants will typically increase GGU's expenses and may reduce GGU's revenue as a result of selling lower volumes of electricity.

In addition, critical equipment or parts may not always be readily available when needed. GGU also cannot be certain of the level of capital expenditure that will be required due to changing environmental, health and safety laws and regulations (including changes in the interpretation or enforcement thereof), necessary facility repairs and unexpected events (such as natural or man-made disasters or terrorist attacks). Any unexpected failure, including failure associated with breakdowns, forced outages or any unanticipated capital expenditure at GGU's power plants, could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU's business is reliant on its IT infrastructure, and delays or outages in, or any potential cyber-attacks to, its IT systems and networks could have an adverse effect on the results of its operations.

GGU's business relies heavily on the efficient and uninterrupted operation of its information technology ("**IT**") infrastructure, which includes complex and sophisticated computer, telecommunications, supervisory control, data processing, data acquisition and data monitoring systems. GGU may be subject to IT failures in, and disruptions to, such systems and networks, which are used throughout its business, including at its power plants and for the distribution and supply of power. These may be caused by issues with system updates, natural disasters, malicious cyber-attacks, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic breaches or similar events or disruptions.

Disruptions to GGU's IT systems, as well as those of other energy industry participants, could severely disrupt administrative and business operations, including a loss of operational capacity and critical data. It could also result in a loss of service to customers and create significant expense to repair security breaches or system damage. Further, as well as adversely impacting business operations, a failure in its operations monitoring systems (which focus on plant availability, activity and efficiency, operational oversight, health and safety, and compliance with environmental laws and regulations) could lead to non-compliance with permit requirements and the imposition of fines or penalties. Any of the foregoing could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU's ability to generate, distribute and supply electricity is dependent upon the Georgian transmission system.

The distribution of electricity to GGU's distribution networks, as well as the distribution of electricity to customers, is dependent upon the infrastructure of the transmission systems in Georgia. GGU has no control over the operation of the transmission system and it is entirely reliant on the transmission system operator, which is a state-owned entity. Any failure in the transmission system in Georgia, including as a result of natural disasters, insufficient maintenance or inadequate development, could prevent GGU from distributing electricity to its end customers. As a result, any failure in the transmission system could in turn have an adverse effect on GGU's business, results of operations and financial condition.

GGU operates in a highly regulated environment and changes in laws, government policy and regulations can significantly affect its operations and financial performance.

GGU is subject to the laws of Georgia and to regulation by GNERC, the Ministry of Regional Development and Infrastructure of Georgia ("**MRDI**"), the Ministry of Environmental Protection and Agriculture of Georgia ("**MEPA**"), the Ministry of Economy and Sustainable Development of Georgia ("**MoESD**") and the National Food Agency of Georgia (the "**NFA**"). These laws and regulations affect many aspects of GGU's business and, in many respects, determine the manner in which GGU conducts its business. As a provider of water supply and sanitation services and an owner and operator of renewable energy power plants, GGU is subject to extensive governmental and other regulations in Georgia. Any new regulation or any changes in existing regulations, including those arising from Georgia's alignment of its regulatory framework with that of the EU, may require significant changes in GGU's business in ways that cannot be predicted. Any new regulations or requirements that require GGU to restructure or otherwise change its business in any way, or that affect water supply and sanitation services or electricity generation, could have a material adverse effect on GGU's business, results of operations and financial condition. See "*Business—Regulation*" for further detail on the regulatory regime.

In December 2019, the new Law of Georgia on Energy and Water Supply ("**Energy Law**") was enacted to replace the old Law of Georgia on Electricity and Natural Gas adopted in June 1997. The Energy Law required all licensed water utility companies to apply to GNERC for a new authorisation (licence). Although GWP complied with this requirement and obtained a new authorisation (licence) in 2023, any non-compliance or breach of licence conditions or other regulatory requirements could lead to financial sanctions and, in extreme cases, the revocation of its licence. In addition, GGU may fail to respond swiftly and appropriately to changes in applicable laws and regulations or to changes in the water supply and sanitation and renewable energy industries generally.

GGU currently complies in all material respects with the regulatory regime applicable to it in Georgia and continues to allocate adequate resources to achieve and maintain compliance with such regulations. However, the relevant authorities in Georgia may enforce existing regulations more strictly than they have in the past and may in the future impose stricter standards, or higher levels of fines and penalties for violations, than those which are in effect at present. Any of the foregoing could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU is subject to environmental and health and safety laws and regulations and is required to obtain certain regulatory approvals and it may be exposed to significant liabilities if it fails to comply with such laws or maintain such approvals.

GGU is subject to various environmental and health and safety laws and regulations governing, among other things, pollution caused by GGU's operations and the health and safety of GGU's employees. GGU is also required to obtain environmental and safety permits from various governmental authorities for its operations. Certain permits require periodic renewal or review of their conditions as well as continuous monitoring and compliance reporting. GGU may not always be able to renew such permits or there may be material changes to its permits requiring significant expenditure. Violations of these laws, regulations or permits could result in fines or legal proceedings being commenced against GGU or other sanctions, in addition to negative publicity and significant damage to GGU's reputation.

GGU has adopted environmental standards applicable to its operations. While as at the date of these Listing Particulars GGU is in compliance with all applicable environmental and health and safety regulations in force in Georgia in all material respects, there can be no guarantee that it will continue to be in compliance in the future. Should any GGU company fail to comply with any such regulations, it may be liable for penalties and/or the consequences of default under any contractual obligations requiring it to comply with applicable regulations.

Any occurrence of environmental damage or loss of life or serious injury to its employees or other individuals as a result of any breach of applicable health and safety legislation may result in disruption to GGU's services or cause reputational harm and significant liability could be imposed on GGU for damages, clean-up costs and penalties and/or compensation as a result. The occurrence of any of these events may also cause disruption to GGU's operations and result in additional costs to GGU.

Although environmental laws and regulations have an increasing impact on GGU's activities, it is impossible to predict accurately the effect of future developments in such laws and regulations on GGU's business. While GGU has invested in technology to remain up to date and comply with the relevant environmental laws and has budgeted for future capital and operating expenditures to comply with current environmental and health and safety laws, it is possible that any changes to the laws in the future could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU is subject to the risk of foreign exchange rate fluctuations.

Revenue from GGU's water supply and sanitation business is denominated in Lari. By contrast, its electric power sales are linked to US Dollars, including both revenue under the Bodorna PPA and market sales of electricity. GGU's expenses are predominantly denominated in Lari. The Notes are denominated in US Dollars, which results in exposure to the US Dollar. GGU does not use nor does it intend to use, any formal hedging or derivative arrangement to manage foreign currency risk exposure. Instead, it relies on a natural hedge seeking to match its USD-linked revenue with foreign currency expenses. However, should USD-linked revenues from GGU's electricity sales be insufficient to cover USD-linked expenses, including payments under the Notes, GGU would be exposed to the risk of devaluation of the Lari against the US Dollar. In 2022, the Lari appreciated against the US Dollar by 12.8%. This appreciation was largely due to a surge in external financial inflows caused by inbound migration, relocation of capital and re-routing of trade flows triggered by the war in Ukraine. These inflows continued and gradually normalised in the second half of 2023, allowing the Lari to maintain its position against the US Dollar. In 2023, the Lari appreciated against the US Dollar by 0.5% but depreciated against the Euro by 3.2%. Any adverse foreign exchange movements may have a material adverse effect on GGU's business, results of operations and financial condition.

GGU's business will suffer if it fails to attract and retain key management, employees or other qualified personnel.

The success of GGU's business depends, in part, on the continued service of its key management and employees and its ability to continue to attract, retain and motivate qualified personnel. Given the nature of its business, GGU requires highly trained employees, including engineers, and these employees may be particularly difficult to recruit and retain. In addition, certain of GGU's key management and other personnel have established important working relationships with regulators and have detailed knowledge of GGU's business and the markets in which it operates. There can be no assurance that GGU will be able to attract, recruit and retain sufficient qualified personnel. Any failure to do so could have a material adverse effect on GGU's business, results of operations and financial condition.

Strikes and other actions could disrupt GGU's operations and/or make it costlier to operate GGU's facilities.

As at 31 March 2024, GGU employed 3,048 full-time employees. Certain employees of GGU's water utility business are members of a trade union and there is a collective bargaining agreement between GGU and this trade union which was entered into on 22 January 2015 and has no expiration date. As at 31 March 2024, approximately 19.5% of GGU's work force was covered by the collective bargaining agreement. Any planned reductions in the work force or in pay could lead to labour disputes which could disrupt GGU's business. While GGU has not experienced any material strikes or litigation or voluntary refusal to fulfil contractual obligations under Georgian employment law since its privatisation, there can be no assurance that it will not experience such events in the future. Any labour disputes or disruptions could have a material adverse effect on GGU's business, results of operations and financial condition.

GGU is unable to or may not insure itself against all potential risks and/or may become subject to higher insurance premiums.

Management believes that GGU maintains adequate insurance cover in respect of its businesses. These covers are maintained in such amounts and with deductibles that are commensurate with best local practice and industry standards. GGU also maintains business interruption covers and political violence coverage. Nevertheless, GGU's operations may be affected by risks for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various insurance events, such as accidents and other mishaps, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and natural catastrophes, may result in losses or expose GGU to liabilities in excess of its insurance coverage. There can be no assurance that GGU's insurance coverage will be sufficient to cover losses arising from any, or all, of such events, or that it will be able to renew existing insurance cover on commercially reasonable terms, if at all.

In addition, GGU's insurance policies are subject to commercially negotiated deductibles, exclusions and limitations, and GGU will only receive insurance proceeds in respect of a claim made to the extent that its insurers have the funds to make payment. Therefore, insurance policies may not cover all losses incurred by GGU and no assurance is given that GGU will not suffer losses beyond the limits of, or outside the cover provided by, its insurance policies.

Should an incident occur in relation to which GGU has no insurance coverage or inadequate insurance coverage, GGU could lose the capital invested in, and anticipated future revenue relating to, any property that is damaged or destroyed and, in certain cases, GGU may remain liable for financial obligations related to the impacted property. Any of these occurrences could have a material adverse effect on GGU's business, results of operations and financial condition.

Changes in GGU's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations or could result in non-comparability of historical financial information.

From time to time, the International Accounting Standards Board (the "**IASB**") and other regulatory bodies responsible for developing accounting standards make changes to international financial accounting and reporting standards that govern the preparation of GGU's financial statements. These changes can be difficult to predict and can materially impact how GGU records and reports its results of operations and financial condition. In some cases, GGU could be required to apply a new or revised standard retrospectively, resulting in restating prior period financial statements or adjusting opening balances. In other cases, no restatement of comparative period financial statements will be required and therefore the historical financial information for such prior periods may become non-comparable to the financial information prepared in accordance with new accounting policies or standards.

The Issuer's shareholders' interests may, in certain circumstances, be different from the interests of the Noteholders.

On 31 December 2021, Georgia Capital PLC ("**Georgia Capital**") concluded a share purchase agreement to sell 80% of its equity interest in the water utility business of GGU to FCC Aqualia S.A. ("**Aqualia**"), by way of a two-stage transaction. The first stage of the transaction was completed on 3 February 2022, when Georgia Capital received the full sales proceeds and transferred 65% of the ordinary shares of GGU to Aqualia. Consequently, Aqualia became the new controlling shareholder of GGU's water utility business. In September 2022, the second stage of the transaction was completed when GGU spun off the Mestiachala HPP (which was owned by Svaneti Hydro), the Kasleti, Debeda and Akhmeta HPPs (all of which were owned by Hydrolea) and the Qartli Wind Farm (the "**2022 Spin-Off**"). Also in September 2022, the U.S.$250 million notes issued by GGU in 2020 (the "**2020 Notes**") were redeemed in full (the "**Note Redemption**"). The redemption was financed by a shareholder loan from Aqualia and Georgia Capital in proportions pro rata to their interests in GGU. For more information on the shareholder loan, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources*". Following the Note Redemption and the 2022 Spin-Off, Aqualia's ownership in GGU increased to 80%, with Georgia Capital retaining the remaining 20%. See "*Business—History*" for further detail on the 2022 Spin-Off.

As a result, Aqualia is in a position to control the outcome of actions requiring shareholders' approval and also has the ability to approve the election of a majority of the members of the supervisory board of the Issuer (the "**Supervisory Board**"), thereby influencing its decisions. The interests of Aqualia may differ from those of the Issuer's creditors, including the Noteholders.

Macroeconomic and Political Risks Related to Georgia

GGU is subject to risks associated with political, financial and economic instability in Georgia and the wider region.

GGU's operations are primarily located in, and most of its income is sourced from, Georgia. Accordingly, GGU's results of operations are, and are expected to continue to be, significantly affected by political, financial and economic developments in or affecting Georgia and, in particular, by the level of economic activity in Georgia and the wider region. Factors such as GDP, inflation, interest and currency exchange rates, as well as unemployment, personal income and corporate finance, can have a material impact on customer demand for GGU's products and services.

After the contraction arising due to the COVID-19 pandemic in 2020, Georgia's economy recovered in 2021, with real GDP growth of 9.7% on average during the period from 2021 to 2023, according to Geostat. Starting from early 2022, the relocation of Ukrainian and Russian migrants and businesses to Georgia has had a favourable impact on economic activity. Georgia has obtained EU candidacy status, which was announced by the European Council in December 2023.

Foreign currency inflows started to normalise gradually from the second half of 2023 and there can be no assurance that foreign currency inflows will remain robust. Moreover, in the event of a further escalation in the regional geopolitical situation or political instability in Georgia, there may be a reassessment of the country risks leading to sizable capital outflows. In this scenario, the Georgian Lari could depreciate significantly.

Recently, for example, political instability in Georgia has been escalating after the reintroduction of the Foreign Influence Law to the Georgian Parliament in April 2024 (having been previously withdrawn following mass protests against the bill in 2023). The Foreign Influence Law was passed into law in June 2024 (with the principal provisions coming into effect in August 2024). The Foreign Influence Law obliges certain non-commercial legal entities (such as non-governmental organisations and civil rights groups) and media organisations, among others, receiving more than 20% of gross revenues in one calendar year from foreign powers (such as non-Georgian citizens and legal entities, as well as foreign state and governmental entities) to register as organisations pursuing foreign interests with the Georgian National Agency of Public Registry (the "**NAPR**") and provide financial disclosure (by way of a financial declaration), including details of the source, amount and purpose of any funds and assets received, as well as the amount and purpose of any expenditure made, during the preceding calendar year. If so requested, the affected organisations, as well as individuals who may possess the information requested by the NAPR, must also disclose personal data (including special category (sensitive) data) and classified or privileged information (other than state secrets). The registry of organisations pursuing foreign power interests, as well as information submitted by such organisations, will be public. The Foreign Influence Law also subjects the affected organisations to continuous monitoring and annual declaration requirements. Failure by the affected organisations to register with the NAPR or provide the relevant financial or other requested information can result in such organisations or natural persons being sanctioned via monetary fines. The introduction and adoption of the Foreign Influence Law was met with large protests among the Georgian population, as it is considered largely undemocratic and contrary to both European values and Georgia's declared foreign policy position set forth in its Constitution. In spite of calls from the international community to revoke the bill, and the veto powers of the President of Georgia being invoked to prevent the bill being adopted into law, the bill was enacted in June 2024 and will become fully enforceable 60 days from publication, in August 2024. A number of affected organisations have stated publicly that they do not intend to register as organisations pursuing foreign power interests under the Foreign Influence Law and statements have also been made about the intention to appeal the Foreign Influence Law in the Constitutional Court of Georgia and the European Court of Human Rights. On 6 June

2024, the U.S. State Department implemented the first tranche of sanctions, imposing visa restrictions, against Georgian individuals responsible for or complicit in, or immediate family members of those responsible for or complicit in, undermining democracy in Georgia, including members of the ruling Georgian Dream party, the Georgian Parliament, law enforcement and private citizens. Following Georgia's adoption of the Foreign Influence Law, the European Council stated in June 2024 that it considers this law to be a regression from the steps outlined in the Commission recommendation. The Council indicated that this regression would de facto result in a suspension of Georgia's accession process to the European Union. On 9 July 2024, it was announced that Georgia's EU accession process was suspended after the decision of the leaders of the EU member states during the European Council summit in June 2024. The Foreign Influence Law's negative perception by foreign investors and the European Council, as well as questions being raised by the international community as to Georgia's overall foreign and domestic policies, may have a negative impact on Georgia's economy, which can lead to a negative impact on GGU's business, results of operations and financial condition.

Inflation has posed a significant challenge for the economy over the past several years. Persistently high inflation rates have primarily been driven by a series of consecutive external shocks. These external shocks have included factors such as global supply chain disruptions, geopolitical tensions, and fluctuations in commodity prices. Additionally, a recent strengthening of domestic demand has further exacerbated inflationary pressures. This combination of external and internal factors has made it difficult to control inflation, thereby impacting the overall economic environment. The NBG managed to regain control over price level growth through tight monetary policy. Consequently, annual consumer price index ("**CPI**") inflation rate dropped to 0.4% at the end of 2023, compared to 9.8% at the end of 2022, according to Geostat. Despite the improved inflation outlook, inflation risks remain elevated. Russia's bans on gasoline exports and the Red Sea crisis may have adverse spillovers on domestic prices leading to inflation above NBG targets.

Sustained geopolitical instability in the region and unstable global financial conditions also pose downside risks to the outlook. In the event of further escalation of regional conflicts, the Georgian economy may be adversely affected through exchange rate depreciation, higher inflation and slower growth. Furthermore, in the event of further worsening of global financial conditions, investment and credit activity may slow, leading to weaker growth.

Market turmoil, economic deterioration and political instability in Georgia may cause consumer spending to decline and may have a material adverse effect on the liquidity and financial condition of GGU's customers in Georgia. Uncertain and volatile global and regional economic conditions and geopolitical instability, such as further unpredictable developments in Ukraine, unstable global financial conditions, a wave of elections planned for 2024, the armed conflict between Israel and Hamas, and the Houthi attacks on Red Sea ships could have substantial political and macroeconomic ramifications globally, which could, in turn, have a significant impact on the Georgian economy.

The Georgian economy is diversified, with no significant dependency on a single country, although EU, Türkiye, China, Azerbaijan, Armenia and Russia are significant trading partners.

After signing the DCFTA with Georgia in 2014, the EU has become Georgia's major trading partner. The EU accounted for 11.6% and 15.4% of Georgia's total exports and 24.6% and 22.6% of total imports in 2023 and 2022, respectively. Georgia also has significant linkages with the EU in terms remittances and tourism inflows. Money transfers from the EU accounted for 31.1% and 24.4% of Georgia's total receipts in 2023 and 2022, respectively. In 2023 and 2022, the share of Georgia's tourism revenues from EU member countries were 13.3% and 9.5%, respectively. In recent years, slower growth in the EU caused by record high interest rates resulted in lower demand for Georgian exports as well as money transfers and tourist inflows.

Türkiye represents the largest source of Georgian imports, accounting for 16.6%, 18.1% and 17.5% of total imports in 2023, 2022 and 2021, respectively, according to figures published by Geostat. Due to macroeconomic policy issues in Türkiye, economic growth slowed and the Lira depreciated in recent years and growth is expected to slow further in 2024 to 3.1% according to the IMF. Despite the pivot towards more conventional monetary policy in mid-2023, the Turkish Lira continued to depreciate by approximately 58% against the US dollar in 2023, after a 40% depreciation in 2022. In March 2024, the Central Bank of the Republic of Türkiye raised interest rates by 500 basis points.

Azerbaijan and Armenia were the top two destinations for Georgia's exports in 2023 with 14.2% and 12.9% shares in Georgia's total exports, respectively, according to Geostat. In recent years, the two countries demonstrated divergent growth paths. The Armenian economy is benefitting from strong capital inflows, while the economy of Azerbaijan remains highly reliant on oil production and exports amid weak global commodity markets. The Armenian Dram weakened by approximately 2.5% against the US dollar in 2023 due to elevated geopolitical risks, after gaining approximately 18% in 2022 amid strong foreign currency inflows.

Russia is one of the largest markets for Georgian exports and imports, accounting for approximately 10.8% and 11.7% of Georgia's total exports and approximately 11.2% and 13.5% of Georgia's total imports in 2023 and 2022, respectively, according to Geostat. The Russian Ruble fell immediately after Russia's invasion of Ukraine and ensuing Western sanctions in early 2022. However, the Ruble strengthened in the following months as Russia introduced strict capital controls. The Russian economy contracted by 1.2% in 2022, according to the IMF. In 2023, due to a sharp decline in commodity export revenues caused by the Western sanctions, the Russian Ruble depreciated by approximately 28% against the US dollar.

Due to strong economic ties, any economic disruptions or geopolitical escalations among Georgia's main trading partners may have a material adverse effect on Georgia's economy. Such disruptions could lead to decreased trade volumes, reduced foreign investment, and overall economic instability. In turn, these adverse economic conditions could negatively impact GGU's business by reducing consumer demand, increasing operational costs, and creating an unpredictable business environment. Consequently, GGU may face challenges in maintaining profitability and achieving growth targets, any of which could have a significant adverse impact on GGU's business, results of operations and financial condition.

Regional tensions and disruptions in neighbouring markets could have a negative effect on Georgia's economy.

Georgia shares borders with Russia, Azerbaijan, Armenia and Türkiye and has two breakaway territories within its borders, Abkhazia and the Tskhinvali Region (also known as South Ossetia). Ongoing political tensions within the region have led to sporadic outbreaks of violence and the straining of diplomatic relations between Georgia and Russia, and in the region generally. Russia imposed sanctions on Georgia in 2006, and the conflict between the countries escalated in 2008 when Russian forces crossed the international border and a state of war was declared. Although a French-brokered ceasefire was signed, calling for the withdrawal of Russian troops, Russia recognised the independence of the breakaway regions and tensions persist. Russia is opposed to the eastward enlargement of NATO, including former Soviet republics such as Georgia. Therefore, Georgia's continued progression towards closer economic and political ties with the EU and NATO may exacerbate tensions between Georgia and Russia. Developments, such as the introduction of a free trade regime between Georgia and the EU in September 2014, and the visa-free travel in the EU granted to Georgian citizens in March 2017, similarly contributed to such tensions. In July 2019, the Russian President ordered a ban on direct flights to Georgia as part of the Russian state response to mass anti-Russia demonstrations in Tbilisi in June 2019. Granting Georgia EU candidate status by the European Council in December 2023 may also result in some countermeasures by Russia.

In February 2022, Russia invaded Ukraine causing a humanitarian crisis in Eastern Europe. The invasion was preceded by strained relationship between the two nations since 2013. The war has changed the global security and economic landscape with major implications for the region. Western sanctions against Russia led to re-routing of trade flows, while migration of the Russian labour force affected the labour markets of the regional economies. Uncertainty regarding the duration of the war and the evolution of Western sanctions against Russia remains elevated.

The civil unrest, which took place in Türkiye during 2016, has placed significant doubt over Türkiye's ability to function as a stable regional trading partner for Georgia. In June 2018, as a result of early parliamentary and presidential elections, the amendments to Turkish constitution granting the president wider powers transformed Türkiye's system of government from a parliamentary system into an executive presidential system. Following the constitutional amendments, President Erdoğan was re-elected as the chairperson of the AKP and was re-elected as the President of Türkiye in snap elections held on 24 June 2018. President Erdoğan won a third five-year term as president on 28 May 2023.

Further geopolitical disharmony in the region, most notably between Azerbaijan and Armenia, may also affect Georgia. After two decades of relative stability, the territorial conflict between Armenia and Azerbaijan over Nagorno-Karabakh region escalated first in April 2016 and then again in late 2020, when a larger-scale escalation was defused by a ceasefire agreement with favourable terms for Azerbaijan. The regional security situation remains fragile after Azerbaijan assumed full control of Nagorno-Karabakh in September 2023, prompting approximately 100,000 ethnic Armenians to flee into Armenia. The Government of Armenia is currently seeking to negotiate a peace agreement with Azerbaijan, while geopolitical risks persist, as the border issues remain unresolved.

These ongoing geopolitical tensions could have a significant knock-on effect on Georgia's economy, potentially leading to decreased trade, reduced foreign investment, and overall economic instability. As far as GGU is concerned, such adverse economic conditions could result in lower consumer demand, increased operational costs, and a more unpredictable business environment. Consequently, GGU may face challenges in maintaining profitability and achieving growth targets, thereby impacting its overall financial performance and strategic objectives.

Political and governmental instability in Georgia could have a material adverse effect on the local economy and GGU's business.

Since its independence from the former USSR in 1991, Georgia has experienced an ongoing and substantial political transformation from a constituent republic in a federal socialist state to an independent sovereign democracy.

Georgia faces several challenges, one of which is the need to implement further economic and political reforms. However, business and investor friendly reforms may not continue or may be reversed or such reforms and economic growth may be hindered as a result of any changes affecting the continuity or stability of existing reform policies, or as a result of a rejection of reform policies by the president, the parliament or others. For information on the Foreign Influence Law, please see "—*GGU is subject to risks associated with political, financial and economic instability in Georgia and the wider region*".

In October 2010, the Georgian Parliament approved certain amendments to the Constitution of Georgia (the "**Constitution**") that were intended to enhance the primary governing authority of the Georgian Parliament, to increase the powers of the prime minister of Georgia, and to limit the scope of functions of the president of Georgia. The Georgian Parliament adopted certain constitutional amendments further limiting the powers of the president of Georgia in March 2013. In October 2017 and March 2018, the Georgian Parliament made numerous changes to the Constitution introducing, inter alia, the indirect election of the president by the Georgian Parliament, a fully proportional electoral system of the Georgian Parliament starting from 2024, special status for agricultural land, and raising the minimum age for members of the Georgian Parliament and the president. The changes adopted in October 2017 and March 2018 entered into force in December 2018. Any further changes to Georgian parliamentary, presidential or prime ministerial powers might create political disruption or political instability or otherwise negatively affect the political climate in Georgia.

In December 2023, Georgia was granted EU candidate status with nine recommendations regarding certain key aspects of the country. One of the recommendations involves reforms to the Georgian judicial system, which, if implemented, could present challenges to its stable functioning in the short term. This is because the recommendation includes introducing "vetting" procedures for certain judges of higher instance courts, involving thorough investigation and evaluation to assess their suitability and credibility, which may be time-consuming and could result in some judges losing their posts. In relation to EU candidate status, however, it should be noted that, following Georgia's adoption of the Foreign Influence Law, the European Council stated in June 2024 that it considers this law to be a regression from the steps outlined in the Commission recommendations. The Council indicated that this regression would result in a suspension of Georgia's accession process to the European Union. On 9 July 2024, it was announced that Georgia's EU accession process was suspended after the decision of the leaders of the EU member states during the European Council summit in June 2024. For information on the Foreign Influence Law, see "—*GGU is subject to risks associated with political, financial and economic instability in Georgia and the wider region*".

The next parliamentary elections are scheduled for October 2024 and set to be held under a full proportional representation system with a 5% threshold – a first in the country's history, following the partially proportional elections of 2020. The presidential elections scheduled to be held in 2024 will employ an indirect voting model for the first time in Georgian history and the electoral college, comprising, *inter alia*, all members of the Georgian Parliament and the supreme representative bodies of the Autonomous Republics of Abkhazia and Adjara, will elect the president. The outcome of the elections cannot be predicted and there can be no assurance that there will not be instability following the elections if, for example, a government is unable to be formed. Such political instability could have a material adverse impact on GGU's business, results of operations and financial condition.

Uncertainties in the judicial system in Georgia, or any arbitrary or inconsistent state action taken in Georgia in the future, may have a material adverse effect on the local economy, which could, in turn, have an adverse effect on the business.

Georgia's legal framework is still developing, with several fundamental civil, criminal, tax, administrative, financial and commercial laws having only recently become effective. The recent introduction of this legislation and the rapid evolution of the Georgian legal system have resulted in ambiguities and inconsistencies in its application, including in relation to such legislation's enforceability. In addition, the court system in Georgia is understaffed and has been undergoing significant reform. Judges and courts in Georgia are generally less experienced in financial, commercial and corporate law matters than in certain other countries, particularly in the EU and the United States. The uncertainties of the Georgian judicial system, and any decision made by the Georgian courts, could have a negative effect on the Georgian economy, which could, in turn, have a material adverse effect on GGU.

There may be challenges associated with legislative harmonisation of the Georgian regulatory environment with the European Union driven by the DCFTA.

On 27 June 2014, Georgia entered into the EU Association Agreement and established the DCFTA (effective since 1 September 2014) with the EU, which envisages bilateral trade liberalisation with the EU with effect from 1 July 2016. The implementation of the EU Association Agreement is expected to create new business opportunities, although it may pose challenges for businesses, households and the state. The implementation of the EU Association Agreement and the DCFTA may require Georgia to conform to EU trade-related and sector-specific legislation, which is expected to be challenging, especially in the areas of environmental protection and customer safety, including product and safety information, among others.

Georgia has been gradually conforming its trade legislation to EU norms and practices since it became a member of the World Trade Organisation in 2000. For example, in 2013, it introduced amendments to the labour code to bring Georgian labour laws closer to commitments under the EU Association Agreement and the DCFTA. These amendments required employers to pay overtime, increased severance pay (from one to two months' salary), strengthened workers' rights to challenge employers' decisions in court, prohibited dismissal without clear cause, and guaranteed basic working conditions. In September 2020, further major amendments were adopted to the labour legislation introducing a national institutional mechanism, State Labour Inspectorate, to monitor the implementation and enforcement of the labour code outside of the judicial system, imposing administrative sanctions for the violation of labour law requirements, introducing mechanisms for protection of employees' rights in case of a transfer of undertaking and various other rules enhancing employee protection. In December 2019, the Georgian Parliament adopted the Energy Law, which lays down the foundation for the reform of the energy sector in Georgia in line with the Energy Community Treaty and European energy legislation and seeks to establish a legal framework for the generation, supply, dispatch, distribution, and trade of electricity and water supply. These legislative developments were consistent with Georgia's commitments under the EU Association Agreement to align its legislation with the relevant EU norms. For further information on the reforms, please see "*Business—Regulation—Harmonisation with E.U. Law*".

In June 2023, the Georgian Parliament adopted the new law of Georgia on personal data protection (which came into effect on 1 March 2024, with certain provisions coming into effect gradually, and will be fully enforceable from 1 January 2025) which aims to bring Georgian personal data protection standards in line with the standards of the EU General Data Protection Regulation (Regulation (EU) 2016/67).

Other changes in governmental policy are expected, including changes in the implementation or approach of previously announced government initiatives. In addition, the implementation of the EU Association Agreement may place a significant burden on regulatory bodies, divert their resources from ongoing reforms and slow their efficiency. In relation to EU accession, however, it should be noted that, following Georgia's adoption of the Foreign Influence Law, the European Council stated in June 2024 that it considers this law to be a regression from the steps outlined in the Commission recommendations. The Council indicated that this regression would *de facto* result in a suspension of Georgia's accession process to the European Union. On 9 July 2024, it was announced that Georgia's EU accession process was suspended after the decision of the leaders of the EU member states during the European Council summit in June 2024.

It is unclear whether Georgia will continue pursuing regulatory amendments to achieve harmonisation with EU legislation and whether GGU may be required to adjust its policies and procedures to comply with any resulting changes in laws and regulations. For example, GGU has made changes to its labour contracts to reflect changes to the labour code described above. It has also made certain changes in anticipation of changes to data protection legislation. GGU expects that there will be further changes, although it cannot predict the extent to which it may be affected by, or able to comply with, any such changes. If any of these risks materialise, they could have a material adverse effect on GGU's business, results of operations and financial condition.

Uncertainties in the tax system in Georgia may result in the imposition of tax adjustments or fines against GGU and there may be changes in current tax laws and policies.

Tax laws have been in force in Georgia for a relatively short period of time compared to more developed market economies. This creates challenges in complying with tax laws, to the extent that such tax laws are unclear or subject to differing interpretations, and subjects companies to the risk that their attempted compliance could be challenged by the authorities. Tax law enforcement can also be unpredictable.

Moreover, tax laws are subject to changes and amendments, which can result in complexities for businesses. A new tax code (the "**Tax Code**") came into effect on 1 January 2011. In December 2010, the Constitution had been amended to prohibit the introduction of new state-wide taxes or increases in existing tax rates (other than excise taxes) without a public referendum initiated by the Government (except in certain limited circumstances). In January 2011, the Georgian Parliament passed the Organic Law on Economic Liberty reflecting the same constitutional guarantee. This law has been in effect since 31 December 2013 and will remain in effect for 12 years from 16 December 2018. In October 2017, the Constitution was amended to retract the provision prohibiting the introduction of new taxes and tax increases. The Organic Law on Economic Liberty was however also amended to guarantee that the prohibition on new taxes and tax increases will remain in place until December 2030. Differing opinions regarding the interpretation of various provisions of the Tax Code exist both among and within governmental ministries and organisations, including the tax authorities, creating uncertainties, inconsistencies and areas of conflict. However, the Tax Code does allow for the Georgian tax authorities to give advance tax rulings on tax issues raised by taxpayers. While the management believes that the Issuer and its subsidiaries operating in Georgia are currently in compliance with the tax laws, it is possible that the relevant authorities could take differing positions with regard to their interpretation, which may result in tax adjustments or fines. There is also a risk that GGU could face fines or penalties as a result of regular tax audits.

In addition, tax laws and Government tax policies may be subject to change in the future, including changes resulting from a change in the Government. See "*—Political and governmental instability in Georgia could have a material adverse effect on the local economy and GGU's business*". Such changes could include the introduction of new taxes or an increase in the tax rates applicable to GGU or its customers, which may, in turn, have a material adverse effect on its business.

In May 2016, the Georgian Parliament adopted amendments to the Tax Code which provide that an enterprise will not be liable for the payment of corporate profit tax until it distributes its profit to shareholders, or incurs costs, or makes supplies or payments that are subject to corporate profit tax. These amendments have applied from 1 January 2017 for all entities apart from certain financial institutions, including banks and insurance businesses (the changes have been applicable to insurance businesses, from 1 January 2024). On 16 December 2022, an amendment to the corporate taxation model applicable to banks was introduced which became effective from 1 January 2023. The change provided for a zero dividend income tax rate on dividends distributed to shareholders and a 20% corporate tax rate on annual profit defined as difference between gross taxable income and deductible charges.

Instability or a lack of growth in the domestic currency market may have an adverse effect on the development of Georgia's economy and, in turn, have an adverse effect on GGU.

Although the Lari is a fully convertible currency, there is generally no market outside Georgia for the exchange of Lari. A market exists within Georgia for the conversion of Lari into other currencies, but it is limited in size. According to the NBG, the total volume of trading turnover in the Lari-US Dollar and Lari-Euro markets (including activities of the NBG) amounted to US$ 127.7 billion and €68.1 billion in 2023, respectively, as compared to US$ 105.5 billion and €48.9 billion, respectively, in 2022, and US$ 53.2 billion and €26.7 billion, respectively, in 2021. Excluding activities of the NBG, the total volume of trading turnover in the Lari-US Dollar market amounted to US$ 126.1 billion in 2023, as compared to

US$ 104.8 billion in 2022, and US$ 52.9 billion in 2021 (the NBG was not active in the Euro market). According to the NBG, it had US$ 5.0 billion in gross international reserves as of December 2023 as compared to US$ 4.9 billion as of December 2022 and US$ 4.3 billion as of December 2021. While these reserves will be sufficient to sustain the domestic currency market in the short term, a lack of growth of this currency market may hamper the development of Georgia's economy, which could have a material adverse effect on the businesses of GGU's corporate customers and, in turn, on GGU's business, financial condition and results of operations. Moreover, to the extent that US Dollars are not available in the market, this may affect GGU's ability to pay amounts due under the Notes.

In addition, any lack of stability in the currency market may adversely affect Georgia's economy. There was significant instability in the Lari/US Dollar exchange rate following the conflict with Russia in 2008 and following the regional economic slowdown due to the fall in oil prices in 2015. In 2015, the Lari depreciated against the US Dollar as a result of the economic slowdown in Georgia's neighbouring countries. The Lari generally appreciated against the US Dollar and other major international currencies in the first half of 2016, primarily due to an increase in the number of tourists travelling to Georgia, but experienced depreciation in the second half of 2016 and in 2017 and 2018 due to negative expectations surrounding the collapse of the Turkish Lira, and in 2019 due to negative expectations surrounding Russia's direct flight ban. The Lari depreciated against the US Dollar by 14.3% in 2020 amid the uncertainty and severe lockdowns of the economy caused by the COVID-19 pandemic. In 2021, 2022 and 2023, Lari gained 5.5%, 12.8%, and 0.5%, respectively, versus the US Dollar as the Georgian economy experienced swift post-COVID-19 pandemic recovery followed by influx of foreign currency inflows triggered by the Russia-Ukraine war. The Lari/US Dollar exchange rate was 3.0976 as of 31 December 2021, 2.7020 as of 31 December 2022, 2.6894 as of 31 December 2023 and 2.6953 as of 31 March 2024. The ability of the Government and the NBG to limit any volatility of the Lari will depend on a number of political and economic factors, including the NBG's and the Government's ability to control inflation, the availability of foreign currency reserves and foreign direct investment ("**FDI**") and other currency inflows. Any failure to do so, or a major devaluation or further depreciation of the Lari, could adversely affect Georgia's economy and the financial system.

According to information published by Geostat, annual inflation in Georgia, as measured by the end-of-period CPI, was 13.9%, 9.8% and 0.4% in 2021, 2022 and 2023, respectively. Lari depreciation and persistent global commodity price increases caused by the COVID-19 pandemic-related supply chain disruptions and Russia's war in Ukraine caused inflation in Georgia to spike in 2021 and 2022. Inflation started to decline from 2023 due to tight monetary policy pursued by the NBG, strong Lari and recent reductions in global commodity prices. There is no guarantee that the Georgian economy will not be further affected by domestic or global increases in food, consumer products and oil prices. Deflation, while increasing the purchasing power of the Lari, could adversely affect FDI. On the other hand, high and sustained inflation could lead to market instability, a financial crisis, a reduction in consumer purchasing power and erosion of consumer confidence. Any of these events could lead to a deterioration in the performance of Georgia's economy and negatively affect GGU's customers, which could, in turn, have a material adverse effect on GGU's business, results of operations and financial condition.

There are additional risks associated with investing in emerging markets such as Georgia.

Emerging markets may have higher volatility, more limited liquidity and a narrower export base than more mature markets and are subject to more frequent changes in the political, economic, social, legal and regulatory environment. They are subject to rapid change and are particularly vulnerable to market conditions and economic downturns elsewhere in the world.

In addition, international investors may react to events, disfavouring an entire region or class of investment, a phenomenon known as "contagion effect". If such a contagion effect occurs, Georgia could be adversely affected by negative economic or financial developments in other emerging market countries as has happened in the past.

Worsening global financial conditions and lower capital flows to emerging market economies, weakness in global trade due to geopolitical fragmentation, elevated geopolitical risks, high volatility and large and sustained declines in commodity prices, wide-ranging spillovers from Russia's invasion of Ukraine and the slowdown of the global economy due to, among other things, high interest rates and slower productivity growth may have an adverse effect on Georgia's economy. Financial and/or political instability in emerging markets also tends to have a material adverse effect on capital markets and the wider economy as investors generally move their money to more developed markets, which they may consider to be more stable.

These risks may be compounded by incomplete, unreliable, unavailable or untimely economic and statistical data on Georgia.

Risks Relating to the Notes and Guarantee

The Notes may not be a suitable investment for all investors seeking exposure to green assets.

Pursuant to the recommendation in the voluntary process guidelines for issuing green bonds published by the International Capital Market Association (the "**Green Bond Principles**") that issuers use external review to confirm their alignment with the key features of the Green Bond Principles, at GGU's request, DNV Business Assurance Spain S.L.U. ("**DNV**") issued a second party opinion dated 28 June 2024 (the "**Second Party Opinion**") in relation to GGU's published green bond framework (the "**Green Bond Framework**"). GGU also intends to commission a compliance review within one year of the date of these Listing Particulars and annually thereafter, until proceeds of the Notes are fully allocated in accordance with the use of proceeds, confirming that the proceeds of the Notes have been allocated in accordance with the use of proceeds specified in the Green Bond Framework.

The Second Party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors that may affect the value of the Notes. The Second Party Opinion is not incorporated into, and does not form part of, these Listing Particulars. None of the Issuer, the Lead Manager or the Co-Managers makes any representation as to the suitability of the Second Party Opinion. The Second Party Opinion is not subject to any specific regulatory or other regime or oversight and is not a recommendation to buy, sell or hold securities and is only current as of the date it was initially issued. Furthermore, the Second Party Opinion is for information purposes only and DNV does not accept any form of liability for the substance of its Second Party Opinion and/or any liability for loss arising from the use of its Second Party Opinion and/or the information provided therein. A withdrawal of the Second Party Opinion may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

Moreover, the Second Party Opinion provider and providers of similar opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Lead Manager, the Co-Managers, any second party opinion providers, any external reviewer or any other person to buy, sell or hold the Notes. Noteholders have no recourse against the Issuer, Lead Manager, the Co-Managers, or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Any withdrawal of any such opinion or certification or any such opinion or certification attesting that we are not complying in whole or in part with any matters for which such opinion or certification is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

GGU has committed to certain use of proceeds and reporting obligations as described in "*Use of Proceeds*" and "*Sustainable Development Impact*". Prospective investors should have regard to the information regarding the use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. In particular, no assurance is given by GGU, the Lead Manager or the Co-Managers that the use of such proceeds for any Eligible Projects (as defined below) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects. Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any assets, projects or uses the subject of, or related to, any Eligible Projects will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any assets, projects or uses the subject of, or related to, any Eligible Projects. In addition, no assurance can be given by the Issuer, the Lead Manager, any Co-Managers or any other person to investors that the Notes will comply with any future standards or requirements regarding any "green", "social" or "sustainable" or other equivalently-labelled performance objectives, including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called EU Taxonomy Regulation including the supplemental delegated regulations related thereto) or Regulation (EU) 2020/852 as it forms part of UK domestic law by virtue of the EUWA, and, accordingly, the status of the Notes as being "green", "social", "sustainable" (or equivalent) could be withdrawn at any time.

In the event that the Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by GGU, the Lead Manager, the Co-Managers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance can be given or made by GGU, the Lead Manager, the Co-Managers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

Furthermore, there can be no assurance that the Eligible Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Projects. Nor can there be any assurance that such Eligible Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by GGU will not constitute an Event of Default under the Notes.

Neither the Lead Manager nor the Co-Managers make any representation as to the suitability of any Notes to meet or fulfil environmental and/or sustainability criteria, expectations, impact or performance required by prospective investors or as to the role of any third party provider of any opinion or certificate obtained by the Issuer in connection with the Notes. Neither the Lead Manager nor the Co-Managers have undertaken to monitor, nor are they responsible for the monitoring of, the use of proceeds, nor the delivery or contents of any such opinion or certificate.

The Notes may not be a suitable investment for all investors seeking exposure to "development finance" assets.

There is currently no market consensus on what precise attributes are required for a particular project or financing to be defined as "green", "sustainable" or "development", and therefore no assurance can be provided to investors that the Notes and the use of proceeds by the Issuer or any development impact projects, will satisfy, whether in whole or in part, any expectations or requirements of any investor or any present or future expectations or requirements with respect to development finance, green bonds or sustainability. Neither the Issuer nor the Sole Bookrunner, Green Structuring Agent and Development Finance Structuring Agent make any representations or assurances as to whether (and are not responsible for ensuring that) the characterization of the Notes as development finance or the level of its expected development intensity rating impact will (i) comport with any investor's definition of green, sustainable or development finance, (ii) meet any investor's criteria and expectations with regard to developmental impact, or (iii) comport with the characterization or definitions used by any other development finance institution in the public or private sectors.

The Issuer is a holding company and there is a risk that the Notes will be structurally subordinated to any debt incurred by Non-Guarantor Subsidiaries.

The Issuer is a holding company and conducts the vast majority of its operations through subsidiaries. The Issuer holds no significant assets other than shares of its subsidiaries and is therefore dependent upon the receipt of dividends from its subsidiaries and the divesting of its shareholdings, to meet its obligations. Noteholders will be structurally subordinated to the creditors of the Non-Guarantor Subsidiaries, in that the Issuer's ability to benefit from the distribution of any assets upon the liquidation of any of the Non-Guarantor Subsidiaries will be subject to the prior claims of such Non-Guarantor

Subsidiaries' direct creditors. The Conditions will impose limitations on the ability of the Issuer and its Restricted Subsidiaries (as defined in the Conditions), including any Restricted Subsidiaries that are Non-Guarantor Subsidiaries (the "**Non-Guarantor Restricted Subsidiaries**"), to incur indebtedness, subject to certain permissive carveouts ("**debt baskets**") specified in the Conditions. For example, Non-Guarantor Restricted Subsidiaries will be permitted to incur debt in an aggregate principal amount at any time not to exceed a cap of U.S.$10 million (the "**Non-Guarantor Debt Cap**"). However, Non-Guarantor Restricted Subsidiaries will be permitted to incur indebtedness under certain other debt baskets in an amount that is not subject to the Non-Guarantor Debt Cap provided that the other conditions and limitations applicable to the relevant debt basket(s) are satisfied. The Notes will be structurally subordinated to any indebtedness so incurred by such Non-Guarantor Restricted Subsidiaries. See "*Terms and Conditions of the Notes—Condition 5(i) (Indebtedness)*" for more information.

The Non-Guarantor Subsidiaries generated (0)% and (3)% of GGU's consolidated EBITDA for the three months ended 31 March 2024 and the year ended 31 December 2023, respectively, and held 6% of GGU's consolidated total assets as at 31 March 2024.

Any decrease in dividend or interest income from, the incurrence of additional debt or the granting of security by, or the insolvency or liquidation of one or more of, the Issuer's subsidiaries could adversely affect the market price of the Notes and the Issuer's ability to service the Notes without regard to GGU's business, results of operations and financial condition.

Noteholders may face difficulties enforcing judgments, including foreign arbitral awards, in respect of the Notes and the Guarantee and against the Issuer and/or the Guarantor.

On the basis of certain precedents established by foreign judiciaries, it may not be possible to effect service of process against the Issuer and/or the Guarantor in courts outside Georgia or in a jurisdiction to which the Issuer and/or the Guarantor have not explicitly submitted. Foreign court judgments against the Issuer and/or the Guarantor will not be recognised in Georgia if: (i) the matter is within exclusive competence of Georgia; (ii) there is a violation in the service of process or other procedures under the law of the country of the court which rendered the judgment; (iii) there is a valid decision of a Georgian court or a valid decision of a third country's court which has been recognised in Georgia in relation to a dispute involving the same subject matter between the same parties; (iv) the foreign court that rendered the judgment is not considered competent to adjudicate the dispute under Georgian legislation; (v) the foreign country whose court has rendered the judgment does not recognise the judgments of Georgian courts; (vi) a dispute involving the same subject matter between the same parties is already being heard in Georgia; or (vii) the judgment of the foreign court contradicts fundamental legal principles of Georgia. No treaty exists between Georgia and many Western jurisdictions, including many EU jurisdictions, the United Kingdom and the United States, for the reciprocal enforcement of foreign court judgments, although Georgia is in the process of accession to the Convention of 30 June 2005 on Choice of Court Agreements (HCCH 2005 Choice of Court Convention) pending approval of the Georgian Parliament.

The Issuer and/or the Guarantor have not submitted to the jurisdiction of any courts, but instead have agreed to resolve disputes by arbitration in accordance with the rules and procedures of the LCIA. Georgia is a party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958) (the "**New York Convention**"). Therefore, an arbitration award obtained in a country which is also a party to the New York Convention, such as the United Kingdom, would be enforceable in Georgia, subject to compliance with the terms of the New York Convention and Georgian law. Pursuant to Article 45.1 of the Law of Georgia on Arbitration (the "**Arbitration Law**"), arbitral awards against the Issuer and/or the Guarantor, irrespective of the country in which they are rendered, may not be recognised and enforceable in Georgia if: (i) the party against whom the award is made proves before Georgian courts that: (a) a party to the arbitration at the time of entering into an arbitration agreement lacked legal authorisation or was a beneficiary of support (a person lacking legal capacity) who had an appointed supporter in relation to issues under the arbitration agreement but did not receive relevant support, or the arbitration agreement is void or set aside pursuant to the law specified by the parties in the arbitration agreement or, in the absence of such, based on the laws of the place where the award was made; (b) a party was not duly informed about the appointment of an arbitrator or the arbitration proceedings, or was not otherwise able to present its position or defend its interests; (c) the arbitral tribunal issued the award on a subject matter which was not submitted to arbitration by the parties or the arbitral award goes beyond the scope of the claim of the parties in the arbitration, provided that if decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters submitted to arbitration may be recognised and enforced; (d) the composition of the arbitral tribunal or the procedure of the arbitration was not in accordance with the arbitration agreement, or, in the absence of such agreement, the arbitration was conducted in violation of the laws of the place of arbitration; or (e) the arbitral award has not yet become binding and/or has been set aside or suspended by the courts of the state in which, or under the laws of which, the award was made; or (ii) the court establishes that: (a) the subject matter of the dispute is not subject to arbitration under Georgian law; or (b) the recognition and enforcement of the award is contrary to public order (for instance by alleging that the lack of a specified limit for the Georgian Guarantor's obligations under the Guarantee is contrary to a mandatory norm of Georgian law). It may be difficult, however, to enforce arbitral awards in Georgia due to a number of factors, including the lack of experience of Georgian courts in international commercial and/or financial transactions, certain procedural irregularities and Georgian courts' inability to enforce such orders, all of which could introduce delay and unpredictability into the process of enforcing any foreign arbitral award in Georgia.

Furthermore, the choice of English law as the governing law of the Notes and the Guarantee may not be given effect, and the recognition or enforcement of foreign court judgments and arbitral awards may be limited, by application of the Georgian law principle requiring compliance with mandatory provisions of the law of the country most closely connected to the transaction, including mandatory provisions of Georgian law. The nature and scope of such mandatory provisions are subject to a considerable degree of discretionary authority by the court in which recognition or enforcement of the judgment or arbitral award is being sought.

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in GGU's and/or the Guarantor's operating results, actual or anticipated variations in the operating results of GGU's competitors, adverse business developments, changes to the regulatory environment in which GGU operates, changes in financial estimates by securities analysts and actual or expected sales of a large volume of Notes, as well as any other factors affecting GGU, including economic and market conditions in Georgia and its neighbouring countries and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, the Member States of the European Union and elsewhere. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations (for example, as a result of COVID-19 and/or geopolitical tensions), which, if repeated in the future, could adversely affect the market price of the Notes without regard to GGU's business, results of operations and financial condition. There can be no assurance that an active trading market for the Notes will develop, or that if such a trading market does develop that events in Georgia or elsewhere will not cause market volatility or that such volatility will not adversely affect the liquidity or the price of the Notes or that economic and market conditions will not have any other adverse effect. If the Notes are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, the financial condition and prospects of GGU or other factors, some of which may be beyond the control of GGU.

The Notes and the Guarantee are pari passu securities.

Subject to the restrictions on the incurrence of indebtedness set out in the Conditions, there is no restriction on the amount of debt securities that the Issuer and the Guarantor may issue and which may rank equally in right of payment with the Notes and the Guarantee. The issue of any such debt securities by GGU may reduce the amount investors may recover in respect of the Notes or the Guarantee in certain scenarios as the incurrence of additional debt could affect the Issuer's or the Guarantor's ability to repay principal of, and make payments of interest on, the Notes or the Guarantee. This could have a material adverse effect on the trading price of the Notes.

The Notes and the Guarantee constitute unsecured obligations of the Issuer and Guarantor.

The Issuer's obligations under the Notes, and the Guarantor's obligations under the Guarantee, will constitute unsecured obligations of the Issuer and Guarantor, respectively. Accordingly, any claims against the Issuer under the Notes or the Guarantor under the Guarantee would be unsecured claims, which would be satisfied only after recovery by secured creditors, if at all. The ability of the Issuer and Guarantor to pay such claims will depend on, among other factors, their liquidity, overall financial strength, the extent of any security interests granted to future creditors (if any) and ability to generate asset flows. As at 31 March 2024, GGU had GEL 0 of outstanding secured indebtedness. See "*Use of Proceeds*".

The Issuer can redeem the Notes at its option, which may affect the value of the Notes.

The Issuer has the option to redeem the Notes prior to their scheduled maturity date in certain circumstances as described in Condition 7 (Redemption and Purchase) of the Terms and Conditions of the Notes. Even if the Issuer does not exercise its option to redeem the Notes, its ability to do so may adversely affect the value of the Notes.

The Issuer may not be able to repurchase the Notes upon a change of control.

Upon a Change of Control as defined in the Terms and Conditions of the Notes, the Issuer will be required to make an offer to repurchase all outstanding Notes at a purchase price of 101% of their principal amount, plus accrued and unpaid interest. The Issuer cannot assure that, if a change of control were to occur, it would have sufficient financial resources available at such time to pay the purchase price of the outstanding Notes nor that restrictions in its other financing agreements would allow it to make such required repurchases. A failure to make the applicable change of control offer or to pay the applicable change of control purchase price when due would result in a default under the Trust Deed, and could, in turn, lead to defaults under the Issuer's and the Guarantor's other indebtedness. See Condition 7(d) (Redemption at the Option of the Noteholders upon a Change of Control) of the Terms and Conditions of the Notes.

Any change of law in England in the future may have a material adverse effect on the Notes and the Guarantee.

The Terms and Conditions of the Notes and the Guarantee are based on the laws of England in effect as of the date of these Listing Particulars. There can be no assurance as to the impact of any possible judicial decision or change in law or administrative practice in England after the date of these Listing Particulars.

Any fluctuations in the credit ratings assigned to Georgia, the Issuer or the Notes may cause trading in the Notes to be volatile and/or adversely affect the trading price of the Notes.

The Notes are expected to be rated "BB-" by S&P and "BB-" by Fitch. Both Fitch and S&P have assigned an expected long-term issuer default rating of "BB-" to GGU with a stable and positive outlook respectively. S&P assigned a long-term foreign currency issuer rating of "BB" to Georgia, with a stable outlook, while Fitch assigned Georgia a long-term foreign and local currency issuer default rating of "BB" with a positive outlook.

As of the date of these Listing Particulars, Fitch and S&P are established in the United Kingdom and registered under the UK CRA Regulation. Fitch and S&P appear on the latest update of the list of registered credit rating agencies (as of the date of these Listing Particulars) on the UK FCA's Financial Services Register. The ratings Fitch and S&P are expected to give to the Notes are endorsed by Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited, which are established in the EEA and registered under the EU CRA Regulation.

The Issuer cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The Issuer has no obligation to inform Noteholders of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the credit rating assigned to Georgia, the Issuer or the Notes may cause trading in the Notes to be volatile or adversely affect the trading price of the Notes.

The credit ratings may not reflect the potential impact of the risks discussed above or of any other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of securities do not necessarily mean the same thing. The ratings do not address the likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the Maturity Date. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

The Notes may not be a suitable investment for all development impact focused investors and the potential development outcomes which may be enabled by the offering do not have any impact on the terms of the Notes.

While the Issuer describes potential development impacts that may be directly or indirectly enabled by the offering under "Development Impact", the Issuer is under no obligation to apply the net proceeds from the offering of the Notes or an amount equivalent to the net proceeds of the offering of the Notes to enable such outcomes. Furthermore, such outcomes may not be realised within any specified period or at all as originally anticipated by the Issuer. Any failure of the development outcomes described under "*Sustainable Development Impact*" to be realised shall not, under any circumstances, constitute a default or an event of default or result in an event of default, trigger for acceleration of payments under the Notes. As such, any failure to realise the development outcomes described under "*Sustainable Development Impact*" will not (i) constitute an event of default under the Notes or a breach of or default under any term thereof, nor a default of the Issuer for any other purpose, (ii) result in any right or obligation of the Issuer to redeem the Notes or give any Noteholder the right to require redemption of its Notes.

There is currently no market consensus on what precise attributes are required for a particular project or financing to be defined as a "development" and, therefore, no assurance can be provided to investors that the Notes and the use of proceeds by the Issuer or any development impact projects will satisfy, whether in whole or in part, any expectations or requirements of any investor or any present or future expectations or requirements with respect to development finance. None of the Issuer, the Lead Manager or the Co-Mangers makes any representations or assurances as to whether (and are not responsible for ensuring that) (a) the characterisation of the Notes as development finance or the level of its expected development intensity rating impact will (i) comport with any investor's definition of development finance, (ii) meet any investor's criteria and expectations with regard to developmental impact, or (iii) comport with the characterisation or definitions used by any other development finance institution in the public or private sectors or (b) the proceeds of the offering of the Notes will in fact be used to enable the development outcomes described under "*Sustainable Development Impact*".

Investors whose financial activities are denominated in a currency or currency unit other than US Dollars may receive less interest or principal than expected, or no interest or principal on the Notes, as a result of fluctuations in exchange rates or changes to exchange controls.

The Issuer and the Guarantor (as applicable) will pay principal and interest on the Notes in US Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Issuer's and the Guarantor's currency or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US Dollar would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Changes in the value of the Investor's Currency relative to the US Dollar could be caused by a variety of factors, including changes to the monetary policies maintained in the relevant central banks and vacillating demand for various currencies in the global marketplace. As a result of COVID-19, global demand for the US Dollar has increased, causing it to appreciate against a variety of currencies. Additionally, in response to the economic fallout of COVID-19, global central banks have endeavoured to bolster local economies by implementing substantial stimulus programmes which can dramatically impact the availability of, and demand for, certain currencies (thus impacting foreign exchange rates). In some cases, these stimulus measures can be, or may be perceived to be, catalysts for future inflation, which can also impact the relative present and future value of a currency.

Furthermore, governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal on the Notes and the Guarantee.

An investment in the Notes involves certain legal investment considerations.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used by it as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes and the Guarantee under any applicable risk-based capital or similar rules.

Transfer of the Notes and the Guarantee will be subject to certain restrictions.

The Notes and the Guarantee have not been and will not be registered under the Securities Act or any U.S. state securities laws. Prospective investors may not offer or sell the Notes and the Guarantee, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should read the discussion under the heading "*Notice to Prospective U.S. Investors*" for further information about these transfer restrictions. It is each investor's obligation to ensure that offers and sales of the Notes and the Guarantee within the United States and other countries comply with any applicable securities laws.

Investors in the Notes must rely on DTC, Euroclear and Clearstream, Luxembourg procedures.

The Regulation S Notes will be represented on issue by a Regulation S Global Certificate that will be deposited with a nominee for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Regulation S Global Certificate, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Regulation S Global Certificate. While the Notes are represented by the Regulation S Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Rule 144A Notes will be represented on issue by a Rule 144A Global Certificate that will be deposited with a nominee for DTC. Except in the circumstances described in the Rule 144A Global Certificate, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the Rule 144A Global Certificate. While the Notes are represented by the Rule 144A Global Certificate, investors will be able to trade their beneficial interests only through DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg.

While the Notes are represented by the Global Certificates, the Issuer or the Guarantor (as applicable) will discharge their respective payment obligations under the Notes or the Guarantee by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The Terms and Conditions of the Notes and the Guarantee may be modified or waivers for breaches of the Terms and Conditions of the Notes or the Guarantee may be given in the future.

The Terms and Conditions of the Notes and the Guarantee contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

There may not be an active trading market for the Notes and trading in the Notes may be limited given the allocations of Notes expected to be granted to certain anchor or other investors.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected by a number of factors, some of which may be beyond the control of GGU. Furthermore, it is expected that certain IFIs may be granted allocations of Notes as part of the initial issuance, although there can be no assurance to this effect or as to the amount of any such allocations. See "*Subscription and Sale—Subscriptions by IFIs*". Allocations to these investors may result in trading in the Notes being less liquid than would otherwise be the case, and may also affect the prices of the Notes in the secondary market, particularly if these investors elect to sell all or a substantial portion of their position in the Notes. Furthermore, these investors may vote in a manner that is adverse to other Noteholders. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition and prospects of GGU.

The Notes may be impacted by further issuances of securities unless issued in a qualified reopening.

The Issuer may create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except the issue price, issue date, and/or first payment of interest on them), and so that such further issue is consolidated and forms a single series with the Notes or upon such other terms as the Issuer may determine at the time of their issue. Additional securities may not be fungible for U.S. federal income tax purposes unless they are issued in a "qualified reopening" of the issuance of the original Notes (within the meaning of the applicable U.S. Treasury Regulations). Whether the issuance of additional securities is a "qualified reopening" will depend on certain factors, such as the interval after the original offering, the yield of the outstanding Notes at that time (based on their fair market value), whether the additional debt securities would otherwise be issued with original issue discount, and whether any outstanding Notes are publicly traded or quoted at the time. If issuance of the additional securities is not a "qualified reopening", the additional securities may have original issue discount. If such additional securities have original issue discount, that may adversely affect the market value of the outstanding Notes unless the additional securities can be distinguished from the Notes.

FORWARD-LOOKING STATEMENTS

These Listing Particulars include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. All statements other than statements of historical facts included in these Listing Particulars are forward-looking statements. They appear in a number of places throughout these Listing Particulars, involve known and unknown risks and uncertainties, many of which are beyond GGU's control and all of which are based on management's intentions, beliefs or current expectations concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of GGU and the industry in which it operates and the general economic outlook. In particular, the statements under the headings "*Risk Factors*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" regarding GGU's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in these Listing Particulars regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved as a result of risks and uncertainties facing GGU. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in these Listing Particulars speak only as of the date of these Listing Particulars. The Issuer, the Guarantor, the Lead Manager and the Co-Managers expressly disclaim any obligation or undertaking to publicly update or revise these forward-looking statements contained in the Listing Particulars to reflect any change in underlying expectations, new information or any change in events, conditions, or circumstances on which such statements are based, unless required to do so by Euronext Dublin or applicable law.

In light of these risks, uncertainties and assumptions, the forward-looking events and/or circumstances discussed in these Listing Particulars might not occur or may occur in a materially different manner or timetable than indicated.

The contents of these sections relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in these Listing Particulars.

ENFORCEABILITY OF FOREIGN JUDGMENTS AND ARBITRAL AWARDS

The Issuer and the Guarantor are incorporated under the laws of Georgia. The Issuer's and the Guarantor's executive officers reside outside the United Kingdom and the United States and substantially all of the assets of the Issuer, the Guarantor and such persons are located outside of the United States and the United Kingdom. The Issuer and the Guarantor have not submitted to the jurisdiction of any courts, but instead have agreed to resolve disputes by arbitration in accordance with the rules and procedures of the LCIA. Georgia is a party to the New York Convention. Therefore, an arbitration award obtained in a country which is also a party to the New York Convention, such as the United Kingdom, would be enforceable in Georgia, subject to compliance with the terms of the New York Convention and Georgian law.

Pursuant to Article 45.1 of the Arbitration Law, arbitral awards against the Issuer and/or the Guarantor, irrespective of the country in which they are rendered, may not be recognised and enforceable in Georgia if:

(i) the party against whom the award is made proves before Georgian courts that:

  (a) a party to the arbitration at the time of entering into an arbitration agreement lacked legal authorisation or was a beneficiary of support (a person lacking legal capacity) who had an appointed supporter in relation to issues under the arbitration agreement but did not receive relevant support, or the arbitration agreement is void or set aside pursuant to the law specified by the parties in the arbitration agreement or, in the absence of such, based on the laws of the place where the award was made;

  (b) a party was not duly informed about the appointment of an arbitrator or the arbitration proceedings, or was not otherwise able to present its position or defend its interests;

  (c) the arbitral tribunal issued the award on a subject matter which was not submitted to arbitration by the parties or the arbitral award goes beyond the scope of the claim of the parties in the arbitration, provided that if decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters submitted to arbitration may be recognised and enforced;

  (d) the composition of the arbitral tribunal or the procedure of the arbitration was not in accordance with the arbitration agreement, or, in the absence of such agreement, the arbitration was conducted in violation of the laws of the place of arbitration; or

  (e) the arbitral award has not yet become binding and/or has been set aside or suspended by the courts of the state in which, or under the laws of which, the award was made; or

(ii) the court establishes that:

  (a) the subject matter of the dispute is not subject to arbitration under Georgian law; or

  (b) the recognition and enforcement of the award is contrary to public order.

It may be difficult, however, to enforce arbitral awards in Georgia due to a number of factors, including the lack of experience of Georgian courts in international commercial and/or financial transactions and certain procedural irregularities, all of which could introduce delay and unpredictability into the process of enforcing any foreign arbitral award in Georgia.

The Issuer and the Guarantor have appointed an agent for service of process in England; however, it may not be possible for investors to effect service of process within the United States or the United Kingdom on the supervisory board members and executive officers of the Issuer and/or the Guarantor or enforce judgments against such persons or the Issuer and/or the Guarantor. In addition, on the basis of certain precedents established by foreign judiciaries, it may not be possible to effect service of process against the Issuer and/or the Guarantor in courts outside Georgia or in a jurisdiction to which the Issuer and/or the Guarantor have not explicitly submitted. See "*Risk Factors—Risks Relating to the Notes—Noteholders may face difficulties enforcing judgments, including foreign arbitral awards, in respect of the Notes and the Guarantee and against the Issuer and/or the Guarantor*".

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Financial Information

The unaudited interim condensed financial statements of GGU as at and for the three months ended 31 March 2024 (which include comparative information for the three months ended 31 March 2023) (the "**Interim Financial Statements**") have been prepared in accordance with *IAS 34 Interim Financial Reporting*. The audited financial statements of GGU as at and for the year ended 31 December 2023 (the "**2023 Financial Statements**"), and as at and for the year ended 31 December 2022 (which include comparative information as at and for the year ended 31 December 2021) (the "**2022 Financial Statements**" and together with the 2023 Financial Statements and the Interim Financial Statements, the "**Financial Statements**") have been prepared in accordance with IFRS as issued by the IASB.

The 2023 Financial Statements and the 2022 Financial Statements were audited by GGU's independent auditors, EY LLC ("**EY**"), in accordance with International Standards on Auditing. The Interim Financial Statements were reviewed by EY, in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The comparative financial information as at 31 March 2023 and for the three-month period then ended, which is included in the Interim Financial Statements, was not reviewed.

Unless otherwise noted, financial information in these Listing Particulars has not been extracted from the Financial Statements. The Financial Statements include information for the Issuer, the Guarantor and Non-Guarantor Subsidiaries.

Discontinued Operations

Following the change in the controlling shareholder of GGU and the Note Redemption, in October 2022, certain renewable energy assets of GGU (the Mestiachala, Kasleti, Debeda and Akhmeta HPPs and the Qartli Wind Farm) were transferred to Georgia Capital in exchange for the redemption of the Issuer's shares. The management of GGU determined that the divestment of the renewable energy business met the definition of a discontinued operation under IFRS 5, as renewable energy represented a separate major line of GGU's business. Accordingly, in the 2022 Financial Statements, GGU has presented the aggregate results of operations of the renewable energy business in a single line in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2022 and 31 December 2021. See Note 5 to the 2022 Financial Statements.

Non-IFRS Information

These Listing Particulars include certain financial measures that are not measures of performance specifically defined by IFRS. GGU presents EBITDA on the face of its income statement. EBITDA is not defined in IFRS and is defined by GGU as earnings before interest, taxes, depreciation and amortisation, and is derived as profit before income tax expense but excluding the following line items: depreciation and amortisation, interest income, finance costs, net foreign exchange losses, loss on extinguishment of financial liabilities, reassessment of estimates related to the Note Redemption and non-recurring expenses.

GGU has presented EBITDA in these Listing Particulars because management uses EBITDA to measure GGU's operational performance and the profitability of its operations. Prospective investors should use caution when reviewing EBITDA and should not consider it as an absolute measure of GGU's financial performance or liquidity, as an alternative to operating profit, net income or any other performance measures derived in accordance with IFRS, or as an alternative to cash flow from operating activities. In addition, prospective investors should not consider EBITDA to be comparable to EBITDA as presented by other companies, which may be computed on a different basis.

In addition, in the section entitled "*Capitalisation and Indebtedness*" and elsewhere in these Listing Particulars, certain non-IFRS measures, including current indebtedness, non-current indebtedness, capitalisation, unsecured and secured indebtedness, are presented. While based on financial information contained in the Financial Statements, these measures are not in accordance with IFRS.

EBITDA, current indebtedness, non-current indebtedness, capitalisation, unsecured and secured indebtedness are not uniformly or legally defined measures and are not recognised under IFRS or any other generally accepted accounting principles. These measures have important limitations as analytical tools and prospective investors should not consider them in isolation or as a substitute for analysis of GGU's results of operations, cash flows or leverage.

Market, Industry and Economic Information

Georgian macroeconomic data presented in these Listing Particulars was principally obtained from Geostat, the NBG, the Georgian National Tourism Agency, the Ministry of Finance of Georgia and the IMF. Certain information regarding the electricity market in Georgia has been obtained from reports produced by JSC Galt & Taggart ("**Galt & Taggart**") and TBC Capital LLC ("**TBC Capital**"). Galt & Taggart is a wholly owned brokerage subsidiary of Bank of Georgia Group plc, the parent company of JSC Bank of Georgia. TBC Capital is a wholly owned subsidiary of JSC TBC Bank.

GGU accepts responsibility for having accurately reproduced information obtained from third parties, and, so far as it is aware and has been able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Rounding

Certain numerical figures set out in the Listing Particulars, including financial information presented in millions or thousands and percentages have been subject to rounding adjustments and, as a result, the total of the data in the Listing Particulars may vary from the actual arithmetic totals of such information.

Currencies

In these Listing Particulars, all references to "**Lari**" and "**GEL**" are to the lawful currency of Georgia; all references to "**US Dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America; and all references to "**euros**", "**€**" and "**EUR**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. References to billions are to thousands of millions.

The following table sets out, for the years indicated, the high, low, average and year-end official exchange rates as reported by the NBG, in each case, for the purchase of GEL, all expressed in Lari per US Dollar.

	High	Low	Average	Period End
		(GEL per USD)		
2023	2.7152	2.4830	2.6279	2.6894
2022	3.4019	2.6646	2.9156	2.7020
2021	3.4548	3.0774	3.2209	3.0976

Source: NBG.

The following table sets out, for the months indicated, the high, low, average and period-end official exchange rates as reported by the NBG, in each case for the purchase of Lari, all expressed in Lari per US Dollar.

	High	Low	Average	Period End
		(GEL per USD)		
July 2024 (up to and including 12 July 2024)	2.8016	2.7233	2.7633	2.7274
June 2024	2.8689	2.7914	2.8296	2.8101
May 2024	2.7968	2.6755	2.7251	2.7968
April 2024	2.6910	2.6699	2.6783	2.6849
March 2024	2.7128	2.6570	2.6802	2.7084
February 2024	2.6818	2.6432	2.6558	2.6606
January 2024	2.6894	2.6573	2.6752	2.6827

Source: NBG.

The Lari per US Dollar exchange rate reported by the NBG on 12 July 2024 was GEL 2.7274.

USE OF PROCEEDS

The net proceeds to be received by GGU from the issuance of the Notes (after the deduction of management, underwriting and selling fees, and commissions and listing fees, but before the deduction of other expenses) are expected to be approximately U.S.$298.0 million. GGU will use the proceeds from the issuance of the Notes for general corporate purposes, including refinancing of existing indebtedness. Specifically, GGU plans to use the proceeds as follows:

- approximately U.S.$205,600,000 will be used to refinance existing shareholder loans; and
- approximately U.S.$94,400,000 will be used to finance capital expenditure in the water supply and sanitation business.

GGU intends to allocate to Eligible Projects an amount equal to the proceeds raised by the issuance of the Notes within four years of the date of issuance on a best-efforts basis. No assurance is given by GGU, the Sole Bookrunner, the Green Structuring Agent and Development Finance Structuring Agent, the Lead Manager or the Co-Managers that investing in the Notes or the use of proceeds by GGU will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to green bonds, sustainability or development impact.

In these Listing Particulars, the "**Eligible Projects**" mean projects for financing and/or refinancing, in whole or in part, expenditures that meet the eligibility criteria set out in the Green Bond Framework. The Green Bond Framework is available on GGU's website at: https://www.ggu.ge/_files/ugd/608e6c_4789b8ba6d8a4980907d258261b176bb.pdf.

Allocations of funds to Eligible Projects will be reviewed by an external provider in accordance with the recommendations of the Green Bond Principles and reported by GGU on an annual basis.

Pending disbursement of any proceeds raised from the issuance of the Notes, proceeds will be managed in line with GGU's cash management processes and policies.

GREEN BOND FRAMEWORK

GGU has developed the Green Bond Framework which follows the guidelines specified in the 2021 edition (with June 2022 Update) of the Green Bond Principles published by the Executive Committee of the Green Bond Principles with the support of the International Capital Market Association ("**ICMA**"), as well as the February 2023 version of the Green Loan Principles ("**GLP**") published by the Loan Markets Association ("**LMA**"). The Green Bond Framework has been published at GGU's website https://www.ggu.ge/_files/ugd/608e6c_4789b8ba6d8a4980907d258261b176bb.pdf.

DNV provided a Second Party Opinion available at https://www.ggu.ge/_files/ugd/608e6c_29ec234aec6646d49555d00fe8db31d3.pdf.

GGU may update the Green Bond Framework from time to time and at its discretion, to reflect new market developments, including changes to the ICMA principles and to relevant environmental and social taxonomies and standards, including the EU Green Bond Standard, with the aim of adapting to, and aligning with, best market practices. In the event of material updates to the Green Bond Framework, GGU will consult its Second Party Opinion provider on the need for an updated Second Party Opinion.

In addition, on a best-efforts basis and wherever possible, GGU has taken into consideration the EU taxonomy on environmentally-sustainable economic activities, as well as the 2022 Sustainable Finance Taxonomy for Georgia, in developing the criteria for certain eligible financings under the Green Bond Framework. GGU also intends to commission a "Compliance Review" within one year of these Listing Particulars and annually thereafter, until proceeds of the Notes are fully allocated in accordance with the use of proceeds specified in the Green Bond Framework.

None of the Green Bond Framework or the Second Party Opinion is incorporated in or forms part of, these Listing Particulars or is a recommendation to buy, sell or hold the Notes. See "*Risk Factors—Risks Relating to the Notes and Guarantee—The Notes may not be a suitable investment for all investors seeking exposure to green assets*".

SUSTAINABLE DEVELOPMENT IMPACT

GGU is a water utility and renewable energy company in Georgia. GGU provides wastewater collection and processing services to approximately 650,000 residential customers and 42,000 commercial customers, and serves a population of approximately 1.3 million. GGU has operations in Georgia's capital city of Tbilisi, as well as the surrounding cities of Rustavi, Mtskheta and Gardabani.

In addition to its water and sanitation services, GGU owns and operates four HPPs with a total installed capacity of 149 MW which include the Zhinvali, Tetrikhevi, Saguramo, and Bodorna plants.

GGU plays an important role in providing critical clean water and energy in Georgia and is guided by three main objectives: (i) sustainable water management, (ii) climate change mitigation through hydropower generation, and (iii) pollution prevention and control.

GGU has developed this Sustainable Development Impact Disclosure ("**SDID**") with reference to the Impact Disclosure Guidance, 2024[1], which provides guidance for entities to disclose their intended contributions towards the U.N. Sustainable Development Goals (the "**SDGs**") and produce a framework for entity-level impact reporting. The information disclosed in this section is related to GGU's overall business strategy and should not be construed as a representation related to the use of proceeds of the Notes. Failure to achieve the targets referred to herein will not constitute an event of default under the notes or the Trust Deed, nor will any such failure have any other impact on the Notes or the Offering. See "*Risk Factors—Risks Relating to the Notes and the Guarantee—*The Notes may not be a suitable investment for all investors seeking exposure to "development finance" assets and "*Forward-Looking Statements*" elsewhere in these Listing Particulars. The inclusion of the SDID in these Listing Particulars does not constitute a label in respect of the Notes offered hereby, which are intended to comply with the Green Bond Principles. See "*Use of Proceeds*" for a discussion of the Green Bond Framework applicable to this offering.

Positive Impacts

As it pursues its corporate strategy and develops its water and sanitation and energy assets, GGU aims to achieve the following outputs and outcomes:

- Increase the number of residential and commercial clients with access to clean drinking water supply and services from a baseline of 688,521 customers in 2023 to approximately 784,146 customers by 2028;
- Increase the population served by clean drinking water and processing services from approximately 1.3 million in 2023 to approximately 1.4 million by 2028;
- Install and improve infrastructure related to water monitoring, water storage, wastewater treatment, water distribution, flood defences, water saving technologies, and flooding risk reduction, continuing to benefit 15,000 people in the Aragvi river valley area through flood mitigation technology; and
- Continue to operate HPPs and report on their annual production, including:
  - Zhinvali HPP: gross annual P50 generation[2] of 382 GWh; capacity of 130.0 MW;
  - Tetrikhevi HPP: gross annual P50 generation of 4 GWh; capacity of 12.4 MW;
  - Saguramo HPP: gross annual P50 generation of 28 GWh; capacity of 4.2 MW; and
  - Bodorna HPP: gross annual P50 generation of 13 GWh; capacity of 2.5 MW.

[1] This guidance was prepared by the Impact Disclosure Taskforce, a working group comprised of institutional investors, commercial and investment banks and other stakeholders such as non-governmental organisations, law firms and others. The Development Finance Structuring Agent acted as co-chair of this taskforce and participated in the taskforce's steering committee.

[2] P50 represents the median expected energy yield, which indicates that there is a 50% chance the actual energy yield will be higher or lower than this value.

Mitigating Negative Impacts

GGU intends to reduce the negative impacts of its operations, including:

- Contributing to GHG emissions reduction in Georgia by avoiding emissions through its HPPs energy production.[3] Annual avoided emissions are as follows:
  - Zhinvali HPP: 65,814 tonnes of carbon dioxide ("**t CO_2**");
  - Tetrikhevi HPP: 2,304 t CO_2;
  - Saguramo HPP: 4,293 t CO_2; and
  - Bodorna HPP: 1,588 t CO_2.
- Reducing the energy consumption of the water supply system from 245.2 KWh in 2023 per customer by approximately 8% to 225.0 KWh by 2028;
- Reducing Scope 1 and Scope 2 emissions from 2023 baselines including:
  - Reducing Scope 1 emissions from combustion of fuels in owned or leased transportation vehicles such as automobiles, trucks, buses, trains, airplanes, and boats from a baseline of 6,079g CO_2/L in 2023; and
  - Reducing Scope 2 emissions from electricity, heat, steam, and cooling purchased for its own use at sites owned and controlled (leased) from a baseline of 5,587g CO_2/KWh in 2023.
- Decreasing water losses across the cities where GGU operates by installing water flow meters and water pressure loggers by implementing micro zones, performing active leakage control with acoustic methodology, pressure management, rehabilitating the network, installing balance meters for high-rise building without individual meters, implementing smart metering, replacing DN800 trunklines in Rustavi, installing balance meters and closing zones in Tbilisi;
- Increasing the amount of waste recycled through GGU's waste management and recycling plan, which includes measures to improve imports of appropriate quantities of building materials, reuse waste and identify recyclable materials where applicable, and implement measures to segregate hazardous and non-hazardous waste; and
- Ensuring 24-hour access to clean water and sanitation for the Tblisi-Mtskheta-Rustavi agglomeration.

Policies and Procedures

GGU has an Environmental and Social Risk Management ("**ESMS**") framework that was established based on national legislation, environmental and social requirements of Aqualia and IFC Performance Standards. The ESMS monitors and mitigates the environmental and social impacts of GGU's operations and is managed via GlobalSUITE, software that is used by Aqualia to optimise processes, reduce risk, and improve security, compliance, privacy, audit and compliance practices. The ESMS covers GGU's environmental objectives such as sustainable waste management, air, water, and soil pollution prevention, and sustainable use of energy and natural resources. In addition to the ESMS, GGU considers the following issues to be part of its operations:

- Environmental strategy and eco-design;
- Pollution prevention and control (including air, soils, water resources, and transportation);
- Management of environmental impact from end-of-life equipment / dismantling;

[3] The methodology, formula and coefficients used for the calculation for avoided emissions are taken from most recent guidelines recommended by the IPCC. This method calculates CO_2 emissions and is based on the amount of fuel consumed, measured in energy units and multiplied by the corresponding emission factors for gases and specific fuels. The savings in terms of GHG reduction potential for the power plants are calculated using their average annual generation.

- Respect for human rights standards and prevention of violations;
- Respect for labour rights;
- Employment conditions (labour relations, training, health and safety, respect of working hours);
- Grievance redress mechanisms;
- Promotion of local social and economic development;
- Societal impacts of projects;
- Integration of environmental and social factors in the supply chain – responsible procurement;
- Business ethics (prevention of corruption and money laundering, fraud, anti-competitive practices); and
- Audit and internal control.

In addition to its proprietary ESMS, GGU aligns its policies with IFC Performance Standards, including:

- **IFC Performance Standard 1**: Climate risk assessments, stakeholder analysis and engagement, external communication procedures, grievance mechanisms and other procedures;
- **IFC Performance Standard 2**: Human resources policies and procedures, working conditions and terms of employment, employee Grievance Policy, Anti-Harassment Policy, internal regulations on protection of workforce (child or forced labour), processes on workers engaged by third parties and other related procedures;
- **IFC Performance Standard 3**: Resource efficiency and pollution prevention operations;
- **IFC Performance Standard 4**: Health and safety risk assessment procedure, emergency response plans, community emergency preparedness and response plans and other related documents; and
- **IFC Performance Standard 8**: Land Acquisition and Compensation Policy.

GGU has a Health and Safety Management Plan, which complies with international standards including the IFC General EHS Guidelines and IFC Performance Standard 2: Labor and Working Conditions. GGU also records, investigates and analyses all employee accidents and near misses and observes the lost time incident ("**LTI**") and severity indices.

In an effort to carry out its business strategy in a sustainable and inclusive manner, GGU ensures that its operations are aligned with national and international standards including:

- Ensuring 24-hour access to clean water and sanitation by permanently expanding water supply and sewage network within Tbilisi-Mtskheta-Rustavi agglomeration (NACE Code E36.0.0; NACE Code E37.0.0);
- Reduction of non-revenue water (NACE Code E.36.00);
- Maintenance of certification of compliance with the below ISO Standards:
    - ISO Standard 9001:2015 (Quality Management Systems);
    - ISO 14001:2015 (Environmental Management Systems); and
    - ISO 45001:2018 (Occupational Health and Safety Management Systems) by the Spanish Association for Standardization and Certification (AENOR);
- Compliance with the requirements of the Directive (2007/50/EC) on assessment and management of flood risks, early warning systems for hydro projects (including high quality monitoring, alarming and notification systems); and
- Conducting water quality control through a microbiological laboratory, accredited by ISO 17025:2018 and supplying water certified by the National Technical Regulations on Drinking Water Quality.

Contribution to the SDGs[4]

GGU is anticipated to contribute to the following SDGs:

- **SDG Target 6.1**: By 2030, achieve universal and equitable access to safe and affordable drinking water for all. By aiming to increase access to safe and affordable drinking water, GGU is anticipated to contribute to SDG Target 6.1. In Georgia, 69.1% of the population uses safely managed drinking water services, relative to the median for peer countries of 56.3%.[5]

- **SDG Target 7.2**: By 2030, increase substantially the share of renewable energy in the global energy mix. By producing renewable energy through the HPPs, GGU is anticipated to contribute to SDG Target 7.2. In Georgia, 25.2% of energy consumed is renewable, a metric which is slightly lower than the median for peer countries of 27.8%.[6]

- **SDG Target 7.3**: By 2030, double the global rate of improvement in energy efficiency. By aiming to increase energy efficiency as part of its operations, GGU is anticipated to contribute to SDG Target 7.3. In Georgia, the energy intensity level of primary energy is 3.9 megajoules per constant 2017 purchasing power GDP, a metric which is lower than the median for peer countries of 4.3 megajoules per constant 2017 purchasing power GDP.[7]

- **SDG Target 13.2**: Integrate climate change measures into national policies, strategies and planning. By aiming to reduce GHG emissions, GGU is anticipated to contribute to SDG Target 13.2. In Georgia, CO_2 emissions totalled 2.8 metric tons per capita, a metric which is higher than the median for peer countries of 1.4 metric tons per capita.[8]

Reporting Table

GGU has committed to annual monitoring and reporting for the metrics in the table below.

Development outputs and outcomes					Realised outputs and outcomes				
Metric	**Baseline**	**Baseline Year**	**Target**[9]	**Target Year**	**2024**	**2025**	**2026**	**2027**	**2028**
Customer Base									
Customers	**688,521**	2023	**784,147**	2028					
Residential customers	**646,407**	2023	**737,146**	2028					
Commercial customers	**42,114**	2023	**47,001**	2028					
Individuals benefitting from clean drinking water	**1,252,997**	2023	**1,428,885**	2028					

[4] Using most recent data available. Peer countries refers to 144 countries eligible to borrow from the World Bank Group.

[5] Source: WHO/UNICEF Joint Monitoring Programme for Water Supply, Sanitation and Hygiene (2023) Data retrieved from UN Statistics – SDG 6.1.1: Proportion of population using safely managed drinking water services, by urban/rural (%) as of 28 June 2024 (n=81).

[6] Source: Energy Balances, UN Statistics Division (2023), IEA (2023), World Energy Balances; Energy Balances, UN Statistics Division (2023). Data retrieved from UN Statistics – SDG 7.2.1: Renewable energy share in the total final energy consumption (%) as of 22 May 2024 (n=144).

[7] Source: Energy Balances, UN Statistics Division (2023), IEA (2023), World Energy Balances; Energy Balances, UN Statistics Division (2023). Data retrieved from UN Statistics – 7.3.1: Energy intensity level of primary energy (megajoules per constant 2017 purchasing power parity GDP) as of 22 May 2024 (n=143).

[8] Source: Climate Watch Historical GHG Emissions (1990-2020). 2023. Washington, DC: World Resources Institute. Data retrieved from World Bank Data: CO2 emissions (metric tons per capita) as of 22 May 2024 (n=143).

[9] Where target values are not available, GGU has committed to reporting realised values on an annual basis.

Development outputs and outcomes					Realised outputs and outcomes				
Metric	**Baseline**	**Baseline Year**	**Target[9]**	**Target Year**	**2024**	**2025**	**2026**	**2027**	**2028**
Individuals benefitting from flood mitigation	**15,000**	2023	*GGU intends to maintain this value*						
Renewable Energy Generation									
Renewable Energy Generation of HPPs (GWh)[10]	**405.3**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Zhinvali HPP	**374.9**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Tetrikhevi HPP	**2.8**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Saguramo HPP	**18.9**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Bodorna HPP	**8.7**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Renewable energy capacity for HPPs (MW)	**149.1**	2023	*GGU intends to maintain this value*						
Zhinvali HPP	**130.0**	2023	*GGU intends to maintain this value*						
Tetrikhevi HPP	**12.4**	2023	*GGU intends to maintain this value*						
Saguramo HPP	**4.2**	2023	*GGU intends to maintain this value*						
Bodorna HPP	**2.5**	2023	*GGU intends to maintain this value*						
Operational Sustainability									
Annual avoided CO_2 emissions (t CO_2) of operating assets									
Zhinvali HPP	**65,814**	2023	*GGU has not set a target but will report realised values on an annual basis*						

[10] Renewable energy generation of HPP assets is subject to environmental and climate conditions. Baseline values for HPP assets reflects realised 2023 generation. GGU has provided P50 estimates for generation and will report on realised values on an annual basis.

Tetrikhevi HPP	**2,304**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Saguramo HPP	**4,293**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Bodorna HPP	**1,588**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Energy consumption per customer (commercial and residential) of the water supply system (KWh)	**245.2**	2023	**225.0**	2028					
Greenhouse gas emissions									
Scope 1 emissions from combustion of fuels in owned or leased transportation vehicles (g CO_2/L)	**6,079**	2023	*GGU has not set a target but will report realised values on an annual basis*						
Scope 2 emissions from electricity, heat and steam purchased for own use at sites (g CO_2/KWh)	**5,587**	2023	*GGU has not set a target but will report realised values on an annual basis*						

CAPITALISATION AND INDEBTEDNESS

The table below sets out the capitalisation and indebtedness of GGU as at 31 March 2024:

	As at 31 March 2024
	(Unaudited)
	(GEL thousands)
Indebtedness	
Current borrowings	524,296
Current lease liabilities	165
Current indebtedness	**524,461**
Non-current borrowings	2,578
Non-current lease liabilities	871
Total non-current indebtedness	**3,449**
Equity	
Share capital	84,666
Treasury shares	(15,875)
Additional paid-in capital and other reserves	15,021
Retained earnings	221,479
Revaluation reserve for property, plant and equipment	4,385
Total equity	**309,676**
Total capitalisation	**837,586**

Subsequent to 31 March 2024, the Group drew EUR 5.5 million from an existing borrowing facility from Aqualia.

SELECTED FINANCIAL INFORMATION

The selected historical financial information for GGU set out below has been extracted without material adjustment from the Financial Statements, except that income statement, statement of financial position and statement of cash flows for the years ended 31 December 2021 and 2022 presented below excludes the operations that pertained to the renewable energy assets that were spun off in 2022 in order to present a more accurate comparison across the periods. See "Presentation of Financial Information".

Income Statement

	Three Months ended 31 March		Year ended 31 December		
	2024	**2023**	**2023**	**2022**	**2021[(1)]**
	(Unaudited)		*(Audited)*		
	(GEL thousands)				
Revenue from water supply and related services	57,269	44,399	190,969	184,870	172,322
Revenue from electric power sales	8,831	4,843	28,747	23,891	26,665
Other revenue	134	154	611	1,254	2,443
Total revenue, income and gains	**66,234**	**49,396**	**220,327**	**210,015**	**201,430**
Electricity and transmission costs	(5,368)	(6,131)	(23,574)	(24,081)	(23,722)
Cost of electric power sales	—	—	—	(1,285)	(6,408)
Salaries and other employee benefits	(7,283)	(6,390)	(27,637)	(21,029)	(21,836)
Allowance for expected credit losses	(2,344)	(1,629)	(7,314)	(6,716)	(6,089)
Taxes other than income tax	(2,067)	(1,923)	(9,487)	(7,169)	(6,494)
General and administrative expenses	(1,357)	(1,094)	(5,631)	(4,206)	(3,294)
Professional fees	(809)	(700)	(3,045)	(2,969)	(1,845)
Raw materials, fuel and other consumables	(860)	(708)	(3,638)	(3,656)	(2,940)
Maintenance expenditure	(795)	(703)	(2,660)	(2,095)	(1,819)
Charge for provisions and legal claims related expenses	(319)	(75)	(913)	(737)	(388)
Other operating expenses	(3,245)	(1,795)	(12,444)	(6,239)	(5,794)
Gain from sale of non-core assets	—	—	—	—	4,151
Other income	344	270	3,698	1,357	3,197
Total expenses, net	**(24,103)**	**(20,878)**	**(92,645)**	**(78,825)**	**(73,281)**
EBITDA	**42,131**	**28,518**	**127,682**	**131,190**	**128,149**
Finance income	179	1,161	2,094	4,491	3,144
Finance costs	(9,717)	(8,026)	(34,330)	(38,138)	(38,870)
Net foreign exchange gain/(loss)	554	23,515	(162)	57,873	25,583
Depreciation and amortisation	(13,426)	(10,300)	(42,898)	(37,749)	(36,601)
Net loss from write-off of property and equipment	(34)	(1,015)	(2,974)	(276)	—
Reassessment of estimates related to Eurobonds' refinancing	—	—	—	—	(33,139)
Non-recurring income (expenses), net	—	—	—	1,009	(15,725)
Profit before income tax expense from continuing operations	**19,687**	**33,853**	**49,412**	**118,400**	**32,541**
Income tax expense	—	—	—	—	—
Profit for the period from continuing operations	**19,687**	**33,853**	**49,412**	**118,400**	**32,541**

Note:
(1) Extracted from the 2022 Financial Statements.

Statement of Financial Position

	As at 31 March	As at 31 December		
	2024	**2023**	**2022**	**2021[(4)]**
	(Unaudited)	*(Audited)*		
	(GEL thousands)			
Assets				
Non-current assets				

Property, plant and equipment	876,279	843,439	679,587	611,037
Investment property	9,297	9,297	7,368	7,382
Right-of-use assets	1,017	1,648	332	337
Restructured trade receivables	112	155	90	83
Other non-current assets	5,161	5,452	7,661	4,324
Total non-current assets	**891,866**	**859,991**	**695,038**	**623,163**
Current assets				
Inventories	7,359	6,942	5,776	5,065
Trade and other receivables	29,043	23,801	21,449	23,559
Prepaid taxes other than income tax	357	467	18	244
Reimbursement assets	1,900	1,900	—	—
Prepayments	4,875	3,194	1,539	1,365
Other current assets	—	—	—	2,594
Cash and cash equivalents(1)	9,668	7,282	36,909	59,894
Total current assets	**53,202**	**43,586**	**65,691**	**92,721**
Total assets	**945,068**	**903,577**	**760,729**	**715,884**
Equity				
Share capital	84,666	84,666	84,666	2
Treasury shares	(15,875)	(15,875)	(15,875)	–
Additional paid-in capital and other reserves(2)	15,021	15,021	15,021	8,076
Revaluation reserve for property, plant and equipment	4,385	4,385	4,385	4,385
Retained earnings	221,479	201,792	152,380	102,750
Total equity	**309,676**	**289,989**	**240,577**	**115,213**
Liabilities				
Non-current liabilities				
Borrowings(3)	2,578	2,604	446,180	510,119
Deferred revenue	33,260	32,054	29,797	26,874
Lease liabilities	871	1,512	176	167
Other non-current liabilities	168	152	89	25
Total non-current liabilities	**36,877**	**36,322**	**476,242**	**537,185**
Current liabilities				
Borrowings(3)	524,296	509,295	3,030	15,509
Advances received	28,063	26,252	16,275	16,005
Trade and other payables	28,351	28,423	14,627	15,412
Provisions for liabilities and charges	7,187	6,868	1,855	1,401
Deferred revenue	6,295	6,261	5,495	5,545
Lease liabilities	165	152	168	197
Other taxes payable	4,158	15	2,460	3,838
Other current liabilities	—	—	—	5,579
Total current liabilities	**598,515**	**577,266**	**43,910**	**63,486**
Total liabilities	**635,392**	**613,588**	**520,152**	**600,671**
Total liabilities and equity	**945,068**	**903,577**	**760,729**	**715,884**

Notes:

(1) Referred to as 'Cash at bank' in the 2022 Financial Statements.

(2) As at 31 December 2022 and 2021, GGU combined additional paid-in capital of GEL 21,230 and other reserves of GEL (13,154) into a single line representing the aggregate amount of GEL 8,076 as at 31 December 2021.

(3) Referred to as 'Borrowings and bonds issued' in the 2022 Financial Statements.

(4) Extracted from the 2022 Financial Statements.

Statement of Cash Flows

	Three months ended 31 March		**Year ended 31 December**		
	2024	**2023**	**2023**	**2022**	**2021(1)**
	(Unaudited)		*(Audited)*		
	(GEL thousands)				
Operating cash flows after working capital changes	40,187	29,346	131,930	128,181	105,708
Net cash flows from operating activities	41,393	29,576	134,187	131,104	107,241

Net cash used in investing activities	(44,473)	(33,404)	(191,472)	(101,468)	(67,639)
Net cash from/(used in) financing activities	5,576	(7,898)	27,652	(50,888)	(34,068)
Effect of foreign exchange rate changes on cash and cash equivalents	(110)	(95)	6	(1,733)	(1,218)
Net change in cash and cash equivalents	**2,386**	**(11,821)**	**(29,627)**	**(22,985)**	**4,316**
Cash and cash equivalents at the beginning of period	7,282	36,909	36,909	59,894	55,578
Cash and cash equivalents at the end of period	**9,668**	**25,088**	**7,282**	**36,909**	**59,894**

Note:

(1) Extracted from the 2022 Financial Statements.

Non-IFRS Information

In these Listing Particulars, secured and unsecured indebtedness is presented. Secured indebtedness is not a uniformly or legally defined measure and is not recognised under IFRS or any other generally accepted accounting principles. See "*Presentation of Financial Information—Non-IFRS Information*".

	As at 31 March 2024
	(Unaudited)
	(GEL millions)
Total current and non-current borrowings	526,874
Less - secured indebtedness	0
Unsecured indebtedness	**526,874**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the consolidated financial condition and results of operations of GGU covers the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021. The financial information presented in this discussion excludes the operations that pertained to the renewable energy assets that were spun off in 2022 in order to present a more accurate comparison across the periods. Subject thereto and unless otherwise specified, the financial information for the periods presented in this discussion has been extracted from the Financial Statements. This section should be read in conjunction with the Financial Statements and the notes thereto and the other financial information included elsewhere in these Listing Particulars.

Certain information contained in the discussion and analysis set forth below and elsewhere in these Listing Particulars includes "forward-looking statements". Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. See the sections entitled "Risk Factors" and "Forward-Looking Statements".

Overview

GGU is a water utility and renewable energy business which supplies potable water and provides wastewater collection and processing services to approximately 650,000 residential customers and 42,000 commercial customers in Georgia and generates electricity through its portfolio of four HPPs with an aggregate installed capacity of 149 MW. A portion of the electricity generated by GGU is used to power its water distribution network, while the remainder is sold to third parties. In the three months ended 31 March 2024 and the year ended 31 December 2023, GGU sold 39.4 million and 161.7 million cubic metres of water and generated 98.8 million and 405.1 million KWh of net electricity, of which 39.2 million KWh and 168.8 million KWh were used internally by the water supply and sanitation services business, respectively.

For the three months ended 31 March 2024, 86.5% and 13.3% of total revenue, income and gains and 80.3% and 19.7% of segmental EBITDA was attributable to water supply and related services and electric power sales, respectively. For the year ended 31 December 2023, 86.7% and 13.0% of revenue, income and gains and 79.3% and 20.7% of segmental EBITDA was attributable to water supply and related services and electric power sales, respectively.

GGU's water supply and sanitation services business is a natural monopoly in the capital city of Tbilisi and the surrounding area, including the cities of Rustavi, Mtskheta and Gardabani, supplying these areas with potable water. The customer base for this business includes both commercial and residential customers, of which it had approximately 42,000 and 650,000 as at 31 March 2024, respectively. GGU earns a regulated return in relation to its water business, which is based on a methodology adopted by GNERC in August 2017. Allowed revenue for the current 2024-2026 regulatory period is determined by applying a WACC of 15.45% to GGU's RAB, taking into account depreciation, operating expenses and corrections from the previous regulatory period. During the past several years, GGU has been expanding its RAB through capital investments in water and wastewater infrastructure which have been intended to improve the quality of water supply and sanitation services to customers and contribute to operating efficiencies.

GGU currently operates four HPPs with a total installed capacity of 149 MW, including the Zhinvali, Tetrikhevi, Saguramo and Bodorna HPPs. The power produced by these HPPs is primarily used to power GGU's water distribution network. In the three months ended 31 March 2024 and the year ended 31 December 2023, 40% and 42% of the power produced was used to power GGU's water distribution network and the remainder was sold to third parties on the free market.

During the three months ended 31 March 2024, GGU generated revenue, income and gains of GEL 66.2 million and EBITDA of GEL 42.1 million and as at 31 March 2024, it had assets of GEL 945.1 million. During the year ended 31 December 2023, GGU generated revenue, income and gains of GEL 220.3 million and EBITDA of GEL 127.7 million and as at 31 December 2023, it had assets of GEL 903.6 million.

Comparability Across Periods

In September 2022, following Aqualia's acquisition of a 65% stake in GGU earlier in the year, GGU spun off a number of renewable assets: the Mestiachala HPP (which was owned by Svaneti Hydro), the Kasleti, Debeda and Akhmeta HPPs (all of which were owned by Hydrolea) and the Qartli Wind Farm, and Aqualia's stake in GGU increased to 80%. These plants had an aggregate installed capacity of 91 MW. These assets had previously been acquired from GGU's then parent company, Georgia Capital, in July 2020. The results of operations associated with these assets were included in GGU's consolidated results of operations for the year ended 31 December 2021 and for a portion of the year ended 31 December 2022 (up until the date of the 2022 Spin-Off in September 2022). For the purposes of the discussion in this section, the operations of these assets have been excluded from the financial information presented as at 31 December 2021 and for the years ended 31 December 2021 and 31 December 2022.

The management of GGU determined that the divestment of the aforementioned assets met the definition of a discontinued operation under IFRS 5, as renewable energy represented a separate major line of GGU's business. As a result, the aggregate results of operations of these assets appear in a single line in consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022. For further detail, see Note 5 to the 2022 Financial Statements.

Operating Segments

GGU has two operating segments based on products sold and services rendered: (i) water supply and wastewater collection services; and (ii) electric power generation and sales. Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. For operating results by segment, see Note 7 to the 2023 Financial Statements. For purposes of the discussion below, segmental results are discussed in relation to the total revenue, income and gains and EBITDA line items.

Transactions between segments are accounted for at actual transaction prices, with the exception of deemed electricity sales for water supply needs in Tbilisi, which are measured in accordance with the terms of GNERC regulations applied for purposes of setting water supply tariffs. For the purposes of segment disclosure, revenue from internally consumed electricity (generated by the Zhinvali HPP) is recorded at regulated tariffs set by GNERC pursuant to Decree No. 33 dated 4 December 2008.

The costs of salaries and other benefits except that of administrative staff are attributed directly to the appropriate segments based on actual expenditure. Salaries and benefits of the administrative staff are allocated proportionally based on the number of employees in each operating segment.

Interest income and finance costs are allocated according to the amount of borrowings received by each segment.

Factors Affecting Results of Operations

Key factors affecting GGU's results of operations during the periods under review and expected to continue to affect its results of operations in the future are discussed below.

Macroeconomic Conditions

Substantially all of GGU's revenue is derived from Georgian customers. Accordingly, GGU's results of operations are, and are expected to continue to be, affected by political, financial and economic developments in or affecting Georgia and, in particular, by the level of economic activity in Georgia and the wider region.

Certain macroeconomic data relating to Georgia is set out in the table below.

	As of and for the year ended 31 December		
	2023	2022	2021
GDP growth (%)	7.5%	11.0%	10.6%
Nominal GDP (U.S.$ millions)	30,537	24,989	18,853
Nominal GDP per capita (U.S.$)	8,210	6,731	5,084
Current account deficit (U.S.$ millions)	1,326	1,120	1,943
Current account deficit as a % of GDP	4.3%	4.5%	10.3%
Inflation (end of period, %)	0.4%	9.8%	13.9%
Foreign direct investment (U.S.$ millions)	1,595	2,098	1,253
Foreign direct investment as a % of GDP	5.2%	8.4%	6.6%
Public debt as a % of GDP	39.0%	39.2%	49.1%
Budget expenditures (GEL millions)	18,556	16,762	15,370

Budget expenditures as a % of GDP	23.1%	23.0%	25.3%
Fiscal deficit as a % of GDP	2.4%	3.0%	6.0%
Tourism revenues (U.S.$ millions)	4,125	3,517	1,245
Tourism revenues as a % of GDP	13.5%	14.1%	6.6%
Goods exports (U.S.$ millions)	6,091	5,583	4,243
Goods imports (U.S.$ millions)	15,571	13,548	10,099
Remittances (U.S.$ millions)	4,123	4,372	2,350
Remittances as a % of GDP	13.5%	17.5%	12.5%
Unemployment rate	16.4%	17.3%	20.6%

Source: Geostat, NBG, Georgian Ministry of Finance and Galt & Taggart.

Following the global disruptions in economic activity caused by the COVID-19 pandemic in 2020, macroeconomic conditions started to improve in Georgia and regionally in 2021. In early 2022, the influx of migrants and capital triggered by Russia's invasion of Ukraine provided an additional boost to economic activity in the region's economies, including Georgia. Although the extraordinarily high foreign currency inflows started to normalise in mid-2023, economic activity remained strong, fuelled by robust domestic spending. Real GDP growth in Georgia was 7.5% in 2023, as compared to 11.0% and 10.6% in 2022 and 2021, respectively. According to the latest forecasts of the IMF, real GDP growth in Georgia is expected to be 5.7% in 2024 and 5.2% in 2025. Economic growth during the periods under review mainly reflected a swift recovery in external sector inflows in the aftermath of the COVID-19 pandemic, resilient consumption spending and increased investment expenditure. FDI averaged 8.1% of GDP during the period from 2010 to 2022 and was 5.2% of GDP in 2023. After the full recovery to pre-pandemic (2019) levels in 2022, tourism revenues increased by 17.3% in 2023, amounting to U.S.$ 4,125 million. Strong external sector inflows led to persistent improvements in the current account deficit, to 4.5% of GDP in 2022 and to 4.3% of GDP in 2023, as compared to 10.3% of GDP in 2021.

Growth during the period under review has been due in part to structural reforms undertaken by the Government, which have been intended to make the economy more resilient by diversifying the economic base and external trade linkages, as well as reforms in the areas of education, pensions, finance and insolvency, which have served to improve the business environment. Georgia's economy is relatively well diversified and is not significantly dependent on commodities. In 2022, trade, manufacturing, real estate, construction and agriculture accounted for 15.1%, 12.4%, 9.7%, 8.0% and 7.6% of GDP, respectively.

Georgia has capped its fiscal deficit at 3% of GDP and its government debt/GDP ratio at 60%. The cap on deficit was breached temporarily during 2020-2021 due to the economic contraction and one-off emergency spending needs during the COVID-19 pandemic. In the following years, fiscal parameters improved significantly due to strong economic performance and the demonstrated fiscal discipline of the Government. Georgia's fiscal deficit was estimated to have been 2.5% of GDP in 2023 and was 3.0% and 6.0% of GDP in 2022 and 2021, respectively. Total public debt was estimated at 39.1% of GDP in 2023, down from 39.2% and 49.1% in 2022 and 2021, respectively.

The political environment has also been relatively stable during the periods under review. In December 2023, Georgia was granted candidate status for EU membership, which is believed to have strengthened its geopolitical position in the region and is a positive development towards Georgia's EU integration strategy. In relation to EU membership, however, it should be noted that, following Georgia's adoption of the Foreign Influence Law, the European Council stated in June 2024 that it considers this law to be a regression from the steps outlined in the Commission recommendation. The Council indicated that this regression would de facto result in a suspension of Georgia's accession process to the European Union. On 9 July 2024, it was announced that Georgia's EU accession process was suspended after the decision of the leaders of the EU member states during the European Council summit in June 2024.

During the periods under review, Georgia has maintained persistently favourable rankings for its business environment compared to regional peers. In 2023, Georgia was ranked 35th in economic freedom index (out of 184 countries) by the Heritage Foundation and business bribery index (out of 194 countries) by TRACE Association. Georgia is also party to free trade agreements with the EU, China, the CIS Member States, Türkiye and Hong Kong, as well as European Free Trade Association countries. It also benefits from a Generalised System of Preferences with the United States, Canada and Japan. Georgia also enjoys political support from NATO, the EU, the United States, the United Nations and the World Trade Organisation, of which it has been a member since 2000. In early 2024, Fitch and S&P affirmed Georgia's long-term sovereign credit ratings at "BB" with positive and stable outlooks, respectively. In March 2024, Moody's Investor Services, Inc. ("**Moody's**") affirmed its rating for Georgia as Ba2 with stable outlook.

The NBG has pursued the inflation-targeting regime since 2009, resulting in relatively stable levels of inflation. The inflation target of the NBG has been set at 3% since 2018. During 2021-2022, inflation spiked mostly due to Lari depreciation and persistent global commodity price increases caused by the COVID-19 pandemic-related supply chain disruptions and Russia's war in Ukraine. Headline CPI inflation was 13.9% and 9.8% year-on-year at end-2021 and 2022, respectively. From early 2021, the NBG has gradually raised its monetary policy rate from 8.0% to 11.0% to address increased inflationary pressures. Inflation started to decline from early 2023 reaching 0.4% by the end of that year as a result of tight monetary policy pursued by the NBG, strong Lari, and recent reductions in global commodity prices.

Georgia has a flexible exchange rate regime and foreign exchange interventions have recently been limited to smoothing out excessive exchange rate volatility. Due to strong foreign currency inflows during 2022-2023, the NBG's gross international reserves increased from U.S.$4.3 billion at the end of 2021 to U.S.$5.0 billion at the end of 2023. Because of high (albeit decreasing) financial dollarisation, exchange rate volatility affects private and public sector debt-to-GDP ratios, with adverse impacts on debt servicing costs.

Georgia's economy remains exposed to risks associated with neighbouring economies, in particular Russia and Türkiye. In 2023, Russia accounted for 10.8% of Georgia's exports and 11.2% of its imports. Türkiye accounted for 16.6% of Georgian imports in 2023. As a result of these exposures, the Georgian economy remains subject to the risk of adverse macroeconomic developments that affect Russia, Türkiye and its other trading partners. For more information, see "*Risk Factors—Macroeconomic and Political Risks Related to Georgia—Regional tensions and disruptions in neighbouring markets could have a negative effect on Georgia's economy*".

In the first quarter of 2024, macroeconomic fundamentals have remained stronger than the baseline in the run-up to parliamentary elections. Real GDP grew by 7.8% in the first quarter of 2024, with TBC Capital forecasting full year 2024 real GDP growth of 7.0% and the IMF projecting full year 2024 real GDP growth of 5.7%. Inflation averaged 0.6% between January and April of 2024. TBC Capital and the IMF are forecasting average inflation of 2.1% and 2.6% for full year 2024, respectively. Tourism revenues excluding Russia, Ukraine and Belarus increased by 30.8% year-on-year in the first quarter of 2024, while migration impact remained at roughly the same level as 2023. At the end of April, official reserve assets totalled U.S.$4.8 billion. The Georgian Lari remained stable throughout the first quarter, although there was some volatility in May 2024, when the USD/GEL exchange rate was around 2.8. The fiscal deficit and public debt are expected to be around 2.5% and 38.8% of GDP in 2024, respectively, according to the IMF.

Regulated water tariffs

GGU's return in relation to its regulated water businesses is based on a tariff-setting methodology adopted by GNERC in August 2017. The methodology is a hybrid incentive-based and cost-plus tariff calculation model. This model is aimed at allowing for a fair return on invested capital and operating expenses utility companies must incur for their continued operations. Under the model, GGU multiplies a WACC by the net book value of its RAB, essentially comprising the net book value of its existing assets plus capital expenditure it has made. This yields the return on assets, to which depreciation and operating expenses are added in order to reach allowed revenue (taking into account any corrections from the previous regulatory period). All calculations are in accordance with GNERC's tariff methodology, which differs from the presentation in GGU's IFRS financial statements. The new methodology introduced in August 2017 defines a three-year regulatory period. The first regulatory period for which this methodology applied ran from 1 January 2018 to 31 December 2020, followed by the most recently ended period, which ran from 1 January 2021 to 31 December 2023. The third regulatory period runs from 1 January 2024 to 31 December 2026. The WACC specified for the first three-year regulatory period was 15.99%. The WACC applicable for the second three-year regulatory period was 14.98% and the WACC applicable for the current 2024-2026 regulatory period is 15.45%. GGU is required to submit a new tariff application no later than 4 July of the year immediately preceding the next tariff period.

Determination by GNERC of the applicable WACC is part of the overall tariff-setting methodology. The current WACC formula prescribed by the methodology is fully aligned with the international best practices and is based on variables such as the average industry portion of debt in capital, cost of debt (the market average is based on NBG data), cost of capital and profit tax. The discretion of GNERC thus is limited through the normative formula, relevant inputs and objective market data. Upon adoption of new tariff-setting methodology in 2017, WACC was calculated by GNERC in accordance with the above principles and by applying objective values for its components (available from the NBG and other market sources). WACC is determined and fixed by GNERC for each tariff regulatory period of three years.

The Zhinvali HPP charges GWP, GGU's main water supply subsidiary, the regulated tariff for the electricity consumed in its water supply and sanitation business in Tbilisi, the cost of which is then included in "allowed revenue" under the above methodology and is reimbursed through the water tariff. Any excess electricity not used in the water supply and sanitation business in Tbilisi, other than electricity produced by the Bodorna HPP during the period from September to April (inclusive) each year (which is sold to ESCO based on the long-term PPA to which it is party) is sold by GWP on the free market at market prices above the regulated tariff. See "*Business—Regulation—ESCO*".

As a result of the application of the above methodology, GGU has significant predictability in relation to its revenue stream for its water supply and sanitation business.

Capital investments in water and wastewater infrastructure

During the past several years, GGU has made significant capital investments. Most recently, capital expenditure has related to the upgrading of the Khrami main pipeline in Rustavi as well as smaller pipelines in partnership with Tbilisi and Rustavi municipalities, the second stage of the Tabakhmela network development project and the refurbishment of the Bakhtrioni and Bagebi pumping stations. This has affected its results of operations in several ways. First, the capital investments resulted in an increase in GGU's RCB, which is the basis for the regulated water tariff GGU is able to charge, as described above under "*—Regulated water tariffs*". Hence, the capital investments contributed directly to the increases in revenue during the periods under review.

Secondly, the investments in water and wastewater infrastructure have improved the quality of water supply and sanitation services to customers and have contributed to operating efficiencies. In particular, these investments have facilitated a reduction in water losses as well as more efficient use of electricity in the water supply and sanitation business, which has in turn allowed GGU to increase its sales of electricity to third parties. The NRW Ratio in Tbilisi, Mtskheta and Rustavi decreased to 69.3% in 2023, compared to 72% and 74% in 2022 and 2021, respectively. The NRW Ratio in Tbilisi, Mtskheta and Rustavi for the three months ended 31 March 2024 and 2023 was 69.1% and 71.1%, respectively Self-consumption of electricity decreased to 168.8 million KWh in 2023, compared to 178.1 million KWh and 180.3 million KWh in 2022 and 2021, respectively. Self-consumption of electricity was 39.2 million KWh and 40.2 million KWh in the three months ended 31 March 2024 and 2023, respectively.

Supply and demand dynamics in the electricity market

Demand for electricity in Georgia grew at unprecedented levels in the decade to 2022 (excluding the impact of COVID-19). In 2021, domestic consumption of electricity increased by 13.1% compared to 2020. However, growth was more muted in 2022, at 3.1%, and domestic consumption decreased by 7.9% in 2023. This was due to reduced consumption by the Abkhazian region and direct consumers such as data mining and metallurgical companies. The reduced consumption led to a decrease in electricity imports and facilitated an increase in exports.

Domestic generation across Georgia has increased significantly over the past decade. Domestic generation grew by 13.3% in 2021 and 12.6% in 2022, driven by favourable hydrological conditions as well as, in 2022, higher thermal generation. Generation attributable to HPPs increased by 23.4% in 2021 and 5.1% in 2022. In 2023, however, total electricity generation increased by only 1.1%, with 0.9% growth in generation from HPPs. Total electricity generation was 14.4 TWh, 14.2 TWh and 12.6 TWh in 2023, 2022 and 2021, respectively. HPPs accounted for 75%, 76% and 81% of total domestic generation in 2023, 2022 and 2021, respectively.

Installed capacity has increased from 3.7 GW in 2015 to 4.5 GW in 2022 and 4.6 GW in 2023. As at 31 December 2023, of the 4.6 GW total, 3.4 GW was attributable to HPPs (115 stations), 1.2 GW was attributable to thermal power plants (6 stations), 20.6 MW was attributable to a wind power plant and 64 MW was attributable to micro power plants. In 2023, the Government introduced a contract for difference mechanism ("**CFD**"), which is a renewable energy support mechanism, and held two auctions in 2023 and 2024 for 300 MW and 800 MW capacity allocations. It is expected that considerable support from the Government will encourage development of renewable energy in Georgia.

The following table sets forth certain information regarding Georgia's electricity market:

	Year ended 31 December		
	2023	2022	2021[(1)]
		(GWh)	
Domestic consumption	13,053	14,165	13,730
Abkhazian region	2,703	3,029	2,956
Eligible consumers	2,779	3,726	3,554
Retail consumption	7,571	7,411	7,219
Domestic generation	14,396	14,246	12,645
Hydro power plants (HPPs)	10,863	10,771	10,182
Thermal power plants (TPPs)	3,447	3,388	2,380
Wind power plants (WPPs)	86	87	83
Imports	790	1,533	2,006
Exports	1,468	971	391
Trade balance	679	(562)	(1,615)
Transit	3,444	3,160	1,184

Source: ESCO.

Consumption growth is forecast to grow at a compound annual growth rate of 3.7% over the next ten years (i.e. 2024 to 2034), based on the ten-year network development plan (the "**TYNDP**").

The balancing electricity price in Georgia was U.S.$ c 5.2/KWh in 2023, which represented a decrease compared to U.S.$ c 5.5/KWh in 2022. The balancing electricity price increased significantly in 2022, from U.S.$ c 4.9/KWh in 2021. This increase was due to growth in the average import price. In 2023, 94.7% of balancing electricity was purchased by ESCO under the Bodorna PPA, with 0.5% being imported and the remaining 4.8% came from hydro and thermal generation.

In 2023, GNERC increased tariffs for thermal power plants, which caused a surge in balancing electricity prices. In the three months ended 31 March 2024, the weighted average balancing price was U.S.$ c 5.83/KWh, which represented a 6.5% increase compared to the three months ended 31 March 2023.

In Türkiye, a key export market for electricity, prices spiked in 2022, reaching U.S.$ c 14.8/KWh in 2022, before declining to U.S.$ c 9.8/KWh in 2023. This compared to U.S.$ c 5.6/KWh in 2021. The main drivers behind this surge were the global rise in natural gas prices amid the prevailing energy crisis and Türkiye's reliance on gas-fired thermal power plants. In contrast, electricity prices in Georgia registered a much smaller increase. Therefore, Georgian power producers were economically motivated to export to the Turkish market rather than sell to local consumers, driving the increases in the export price in 2022 and 2023.

Russia was the sole provider of electricity imports and the sole consumer of such energy was Abkhazian region in 2023. In 2023 Georgia imported 0.8 TWh of electricity (5.2% of total demand). The Abkhazian region receives a subsidised price from Russia, resulting in an average import price of U.S.$ c 0.1/KWh in 2023.

The following table sets forth electricity prices for Georgia and Türkiye for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December		
	2023	2022	2021
		(U.S.$ c/KWh)	
Balancing electricity price in Georgia	5.2	5.5	5.0
Average price of electricity imports in Georgia	0.1	3.0	2.4
Average price of electricity exports from Georgia	6.5	8.7	4.0
Market clearing price in Türkiye	9.8	14.8	5.6

Source: Galt & Taggart.

In 2023, GNERC approved new tariffs for regulated power plants based on their investment plans and projected generation. In 2023, these HPPs accounted for 66.4% of hydro generation and 47.5% of total supply to the grid. This included the Zhinvali HPP owned by GGU, for which tariffs increased by 33.2%.

According to the most recent amendments to the EMMC, the intra-day and day-ahead markets opened in July 2024. Trading under the legacy market rules will continue and participation in the day-ahead and intra-day markets will be voluntary until July 2025. The launch of the balancing responsibility and the market for balancing and ancillary services has been postponed until July 2025. It is not yet clear how the transition to the new power market model will affect the trading price of electricity and the revenues generated by GGU from the sale of electricity to third parties. However, independent third-party price research indicates an increase in electricity prices in 2025 and 2026, with further stabilisation expected from 2027.

Results of Operations

Three Months Ended 31 March 2024 and 2023

The following table sets forth GGU's results of operations for the three months ended 31 March 2024 and 2023:

	Three months ended 31 March	
	2024	**2023**
	(Unaudited)	*(Unaudited, not reviewed)*
	(GEL thousands)	
Revenue from water supply and related services	57,269	44,399
Revenue from electric power sales	8,831	4,843
Other revenue	134	154
Total revenue, income and gains	**66,234**	**49,396**
Electricity and transmission costs	(5,368)	(6,131)
Salaries and other employee benefits	(7,283)	(6,390)
Allowance for expected credit losses	(2,344)	(1,629)
Taxes other than income tax	(2,067)	(1,923)
General and administrative expenses	(1,357)	(1,094)
Professional fees	(809)	(700)
Raw materials, fuel and other consumables	(860)	(708)
Maintenance expenditure	(795)	(703)
Charge for provisions and legal claim related expenses	(319)	(75)
Other operating expenses	(3,245)	(1,795)
Other income	344	270
Total expenses	**(24,103)**	**(20,878)**
EBITDA	**42,131**	**28,518**
Finance income	179	1,161
Finance costs	(9,717)	(8,026)
Net foreign exchange (loss) gain	554	23,515
Depreciation and amortisation	(13,426)	(10,300)
Net write-off of property and equipment	(34)	(1,015)
Profit before income tax expense	**19,687**	**33,853**
Income tax expense	—	—
Profit and total comprehensive income for the period	**19,687**	**33,853**

Revenue, income and gains

Revenue, income and gains increased by GEL 16.8 million, or 34.0%, to GEL 66.2 million for the three months ended 31 March 2024, compared to GEL 49.4 million for the three months ended 31 March 2023. The increase was attributable to increases in revenue from both water supply and wastewater collection services and electric power sales. The contribution of these two segments to the increase was GEL 12.9 million and GEL 4.0 million, respectively. These increases were in turn due to the increase of water supply and wastewater collection tariffs for commercial customers and enhanced electric power sales due to increased water inflow, power generation and tariffs and a reduction in own energy consumption.

Revenue from water supply and related services

Revenue from water supply and related services increased by GEL 12.9 million, or 29.1%, to GEL 57.3 million for the three months ended 31 March 2024, compared to GEL 44.4 million for the three months ended 31 March 2023. The increase was primarily driven by the introduction of a new tariff for water and sewage services in January 2024 (as approved by GNERC in December 2023). This new tariff represented a 35.4% increase for commercial customers in Tbilisi and a 75.2% increase for commercial customers in Rustavi, respectively, compared to the tariff applicable in the previous regulatory period (2021 to 2023).

Revenue from electric power sales

Revenue from electric power sales increased by GEL 4.0 million, or 83.3%, to GEL 8.8 million for the three months ended 31 March 2024, compared to GEL 4.8 million for the three months ended 31 March 2023. The increase was due to a GEL 3.7 million, or 80.1% increase in revenue from electric power sales to commercial customers to GEL 8.3 million for the three months ended 31 March 2024, as compared to GEL 4.6 million for the three months ended 31 March 2023. This in turn was due to 31.0% increase in power generation, 16.0% growth in water inflow rates, 7.0% increase in the average ESCO price and a 1 GWh reduction in own energy consumption.

Expenses

Total expenses increased by GEL 3.2 million, or 15.3%, to GEL 24.1 million for the three months ended 31 March 2024, compared to GEL 20.9 million for the three months ended 31 March 2023. The increase was mainly due to a GEL 1.5 million, or 80.8% increase in other operating expenses to GEL 3.2 million for the three months ended 31 March 2024, as compared to GEL 1.8 million for the three months ended 31 March 2023, as a result of an increase in insurance expenses and compensation for damages, a GEL 0.7 million, or 43.9%, increase in allowance for expected credit losses to GEL 2.3 million for the three months ended 31 March 2024, as compared to GEL 1.6 million for the three months ended 31 March 2023, and a GEL 0.9 million or 14.0%, increase in salaries and other employee benefits to GEL 7.3 million for the three months ended 31 March 2024, as compared to GEL 6.4 million for the three months ended 31 March 2023.

Electricity and transmission costs

Electricity and transmission costs decreased by GEL 0.7 million, or 11.5%, to GEL 5.4 million for the three months ended 31 March 2024, compared to GEL 6.1 million for the three months ended 31 March 2023. The decrease was predominantly due to 2.4% decrease in own energy consumption and an average 4.0% decrease in electricity transmission tariffs.

Salaries and other employee benefits

Salaries and other employee benefits increased by GEL 0.9 million, or 14.1%, to GEL 7.3 million for the three months ended 31 March 2024, compared to GEL 6.4 million for the three months ended 31 March 2023. The increase was mainly due to substantial salary increases across several GGU departments.

Allowance for expected credit losses

Allowance for expected credit losses increased by GEL 0.7 million, or 43.8%, to GEL 2.3 million for the three months ended 31 March 2024, compared to GEL 1.6 million for the three months ended 31 March 2023. The increase was primarily driven by an increase in trade and other receivables due to an increase in the water supply and wastewater collection tariff for commercial customers.

Taxes other than income tax

Taxes other than income tax increased by GEL 0.2 million, or 10.5%, to GEL 2.1 million for the three months ended 31 March 2024, compared to GEL 1.9 million for the three months ended 31 March 2023.

General and administrative expenses

General and administrative expenses increased by GEL 0.3 million, or 27.3%, to GEL 1.4 million for the three months ended 31 March 2024, compared to GEL 1.1 million for the three months ended 31 March 2023. The increase was due to advertising expenses related to the water quality campaign.

EBITDA

EBITDA increased by GEL 13.6 million, or 47.7%, to GEL 42.1 million for the three months ended 31 March 2024, compared to GEL 28.5 million for the three months ended 31 March 2023. The increase was mainly attributable to the water supply and wastewater collection services segment, although the electric power generation and sales segment also contributed to the increase.

Water supply and wastewater collection services

EBITDA from the water supply and wastewater collection services segment increased by GEL 10.0 million, or 42.0%, to GEL 33.8 million for the three months ended 31 March 2024, compared to GEL 23.8 million for the three months ended 31 March 2023. The increase was predominantly due to the increase in the water tariff for non-residential customers as described above.

Electric power generation and sales

EBITDA from the electric power generation and sales segment increased by GEL 3.5 million, or 72.9%, to GEL 8.3 million for the three months ended 31 March 2024, compared to GEL 4.8 million for the three months ended 31 March 2023. The increase was predominantly due to higher power generation, water inflow rates and ESCO tariff and lower own energy consumption.

Net finance costs

Finance costs net of finance income increased by GEL 2.6 million, or 37.7%, to GEL 9.5 million for the three months ended 31 March 2024, compared to GEL 6.9 million for the three months ended 31 March 2023. The increase was due to an increase in borrowings.

Net foreign exchange gain

Net foreign exchange gains decreased by GEL 22.9 million, or 97.4%, to GEL 0.6 million for the three months ended 31 March 2024, compared to GEL 23.5 million for the three months ended 31 March 2023. The decrease was due to the strengthening of the Lari against the US Dollar and the Euro in the first quarter of 2023 and the relative stability of the Lari against the US Dollar and the Euro in the first quarter of 2024.

Depreciation and amortisation

Depreciation and amortisation increased by GEL 3.1 million, or 30.1%, to GEL 13.4 million for the three months ended 31 March 2024, compared to GEL 10.3 million for the three months ended 31 March 2023. The increase was due to capital expenditure mainly in relation to repairs of water supply and wastewater treatment pipelines, network developments, new connections and elimination of accidents, resulting in a higher value for GGU's property, plant and equipment and hence a higher depreciation and amortisation charge.

Years ended 31 December 2023, 2022 and 2021

The following table sets forth GGU's results of operations for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December		
	2023	**2022**	**2021[(1)]**
		(GEL thousands)	
Revenue from water supply and related services	190,969	184,870	172,322
Revenue from electric power sales	28,747	23,891	26,665
Other revenue	611	1,254	2,443
Total revenue, income and gains	**220,327**	**210,015**	**201,430**
Electricity and transmission costs	(23,574)	(24,081)	(23,722)
Cost of electric power sales	—	(1,285)	(6,408)
Salaries and other employee benefits	(27,637)	(21,029)	(21,836)
Allowance for expected credit losses	(7,314)	(6,716)	(6,089)
Taxes other than income tax	(9,487)	(7,169)	(6,494)

General and administrative expenses	(5,631)	(4,206)	(3,294)
Professional fees	(3,045)	(2,969)	(1,845)
Raw materials, fuel and other consumables	(3,638)	(3,656)	(2,940)
Maintenance expenditure	(2,660)	(2,095)	(1,819)
Charge for provisions and legal claim related expenses	(913)	(737)	(388)
Other operating expenses	(12,444)	(6,239)	(5,794)
Gain from sale of non-core assets	—	—	4,151
Other income	3,698	1,357	3,197
Total expenses, net	**(92,645)**	**(78,825)**	**(73,281)**
EBITDA	**127,682**	**131,190**	**128,149**
Finance income	2,094	4,491	3,144
Finance costs	(34,330)	(38,138)	(38,870)
Net foreign exchange (loss)/gain	(162)	57,873	25,583
Depreciation and amortisation	(42,898)	(37,749)	(36,601)
Net loss from write-off of property and equipment	(2,974)	(276)	—
Reassessment of estimates related to Eurobond refinancing	—	—	(33,139)
Non-recurring expenses, net	—	1,009	(15,725)
Profit before income tax expense from continuing operations	**49,412**	**118,400**	**32,541**
Income tax expense	—	—	—
Profit for the year from continuing operations	**49,412**	**118,400**	**32,541**

Note:

(1) Extracted from the 2022 Financial Statements.

Revenue, income and gains

Revenue, income and gains increased by GEL 10.3 million, or 4.9%, in 2023 to GEL 220.3 million for the year ended 31 December 2023, compared to GEL 210.0 million for the year ended 31 December 2022, and by GEL 8.6 million, or 4.3%, in 2022 compared to GEL 201.4 million for the year ended 31 December 2021. The increase in 2023 was attributable to both the water supply and wastewater collection services and the electric power sales segments, which was in turn due to the inflow of immigrants due to the conflict in Ukraine and the increase in external electricity sales resulting from an increase in electricity generation and a decrease in internal consumption.

The increase in revenue, income and gains in 2022 was due to an increase in revenue attributable to the water supply and wastewater collection services segment, partially offset by a decrease in revenue from the electric power generation and sales segment. The increase in revenue, income and gains from the water supply and wastewater collection services was due to the recovery from the COVID-19 pandemic and the inflow of immigrants due to the conflict in Ukraine. The decrease in revenue from the electric power sales in 2022 was due to a reduction in GETC trading activities. See "—*Revenue from electric power sales*".

Revenue from water supply and related services

Revenue from water supply and related services increased by GEL 6.1 million, or 3.3%, in 2023 to GEL 191.0 million for the year ended 31 December 2023, compared to GEL 184.9 million for the year ended 31 December 2022, and by GEL 12.6 million, or 7.3% in 2022, compared to GEL 172.3 million for the year ended 31 December 2021. The increase in 2023 reflected increased revenue from both legal entities and the general population and was due to the full recovery from COVID-19 pandemic lock-downs and the inflow of immigrants due to the conflict in Ukraine.

The significant increase in revenue from water supply and related services in 2022 mainly reflected increased revenue from legal entities and was due to the end of the lock-downs imposed during the COVID-19 pandemic and the gradual recovery of various industries.

Revenue from electric power sales

Revenue from electric power sales increased by GEL 4.8 million, or 20.1%, in 2023 to GEL 28.7 million for the year ended 31 December 2023, compared to GEL 23.9 million for the year ended 31 December 2022, and decreased by GEL 2.8 million, or 10.5%, in 2022, compared to GEL 26.7 million for the year ended 31 December 2021. The increase in 2023 related almost entirely to sales to commercial customers, with only limited sales to ESCO through the Bodorna PPA. The increase in sales to commercial customers was in turn due to a 49% increase in the electricity available for sale in 2023 as compared to 2022 which was partially offset by a 17% decline in the weighted average selling price as a result of the decrease of the ESCO balancing price and the depreciation of the Georgian Lari against the US Dollar.

The decrease in revenue from electric power sales in 2022 reflected a reduction in GETC's trading activities (which was partially offset by a corresponding reduction in the cost of electricity sales). The decrease in revenue was also offset by an increase in GWP's revenue from sales to commercial customers, which increased by GEL 2.1 million in 2022 due to the 4.5% increase in the volume of electricity available for sale and the 11.5% increase in the average ESCO balancing price as compared to 2021.

Expenses

Total expenses increased by GEL 13.8 million, or 17.5%, in 2023 to GEL 92.6 million for the year ended 31 December 2023, compared to GEL 78.8 million for the year ended 31 December 2022, and by GEL 5.5 million, or 7.5%, in 2022, compared to GEL 73.3 million for the year ended 31 December 2021. The increase in expenses in 2023 was due to higher salaries and other employee benefits, taxes other than income tax, general and administrative expenses and other operating expenses and partially offset by an increase in other income as compared to 2022. The increase in other operating expenses was mostly due to the compensation for damages caused by water supply network deficiencies amounting to GEL 4.4 million. The increase in other income in 2023 was due to GGU recognising an increase in its investment property valuation of GEL 1.9 million. The increase in expenses in 2022 as compared to 2021 was due to the gains from the sale of non-core assets and other income in 2021 which offset overall expenses for the year.

Electricity and transmission costs

Electricity and transmission costs decreased by GEL 0.5 million, or 2.1%, in 2023 to GEL 23.6 million for the year ended 31 December 2023, compared to GEL 24.1 million for the year ended 31 December 2022, and increased by GEL 0.4 million, or 1.7%, in 2022, compared to GEL 23.7 million for the year ended 31 December 2021. Electricity and transmission costs include fees paid to GNERC, payments for guaranteed capacity, transit and dispatching of electricity and sustainability of different voltage sub-stations of distribution companies. All fees are set per KWh of consumed electricity. The decrease in 2023 was due to a 5.0% KWh decrease in GWP's own electricity consumption and a 5.9% KWh decrease in electricity consumption at Rustavi Water LLC ("**RWC**") compared to 2022, which were partially offset by additional transmission fees imposed on GWP's sub-station due to legislative changes.

The increase in electricity and transmission costs in 2022 was due to a 6.9% increase in the consumption of electricity by RWC as compared to 2021, which was partially offset by a 1.2% reduction in GWP's consumption as compared to 2021.

Salaries and other employment benefits

Salaries and other employment benefits increased by GEL 6.6 million, or 31.4%, in 2023 to GEL 27.6 million for the year ended 31 December 2023, compared to GEL 21.0 million for the year ended 31 December 2022, and decreased by GEL 0.8 million, or 3.7%, in 2022, compared to GEL 21.8 million for the year ended 31 December 2021. The increase in 2023 was due to a substantial increase in salaries and other employment benefits offered to employees across several divisions of GGU as well as an increase in the workforce to meet the labour safety regulations.

The decrease in salaries and other employment benefits in 2022 was due to changes to the employee compensation scheme, pursuant to which share-based compensation was cancelled.

Allowance for expected trading losses

Allowance for expected trading losses increased by GEL 0.6 million, or 9.0%, in 2023 to GEL 7.3 million for the year ended 31 December 2023, compared to GEL 6.7 million for the year ended 31 December 2022, and by GEL 0.6 million, or 9.8%, in 2022, compared to GEL 6.1 million for the year ended 31 December 2021. In 2023, the increase was due to the growth of water sales and the termination of state grants provided during the COVID-19 pandemic to improve provisioning rates in 2023 and the collection of GEL 1.5 million of defaulted trade receivables in 2022.

The increase in 2022 was primarily driven by a significant increase in water sales and a cessation of governmental grants that were offered to the public during the COVID-19 pandemic.

Taxes other than income tax

Taxes other than income tax increased by GEL 2.3 million, or 31.9%, in 2023 to GEL 9.5 million for the year ended 31 December 2023, compared to GEL 7.2 million for the year ended 31 December 2022, and by GEL 0.7 million, or 10.8%, in 2022, compared to GEL 6.5 million for the year ended 31 December 2021. The increases were due to property tax which is correlated with the increase in property, plant and equipment.

General and administrative expenses

General and administrative expenses increased by GEL 1.4 million, or 33.3%, in 2023 to GEL 5.6 million for the year ended 31 December 2023, compared to GEL 4.2 million for the year ended 31 December 2022, and by GEL 0.9 million, or 27.3%, in 2022, compared to GEL 3.3 million for the year ended 31 December 2021. The increase in 2023 was mainly due to higher advertising expenses related to a water quality campaign that was run during the year as well as higher utility expenses attributable to cleaning, sanitation and deratization costs.

The increase in 2022 was mainly due to higher office expenses resulting from a rebound from the COVID-19 lockdowns and office shut-downs.

EBITDA

EBITDA decreased by GEL 3.5 million, or 2.7%, in 2023, to GEL 127.7 million for the year ended 31 December 2023, compared to GEL 131.2 million for the year ended 31 December 2022, and increased by GEL 3.1 million, or 2.4%, in 2022, compared to GEL 128.1 million for the year ended 31 December 2021. In 2023, EBITDA decreased despite an increase in revenue from water and electricity sales due to a significant increase in expenses caused by higher salaries, increases in taxes, general and administrative expenses and other operating expenses. In 2022, the increase in EBITDA was due to a significant increase in revenue from water supply and related services as a result of the recovery from the COVID-19 pandemic, which was partially offset by a decrease in electric power sales due to the 2022 Spin-Off.

Water supply and wastewater collection services

EBITDA from the water supply and wastewater collection services segment decreased by GEL 9.4 million, or 8.5%, to GEL 101.2 million for the year ended 31 December 2023, compared to GEL 110.6 million for the year ended 31 December 2022, which in turn represented an increase of GEL 3.0 million, or 2.7%, from GEL 107.6 million for the year ended 31 December 2021. The decrease in 2023 despite an increase in revenue was due to higher operating expenses. The increase in 2022 was due to the recovery from the COVID-19 pandemic. The EBITDA margin from the water supply and wastewater collection services segment was 53%, 59% and 62% for the years ended 31 December 2023, 2022 and 2021, respectively.

Electric power generation and sales

EBITDA from the electric power generation and sales segment increased by GEL 5.8 million, or 28.2%, to GEL 26.4 million for the year ended 31 December 2023, compared to GEL 20.6 million for the year ended 31 December 2022. The increase was due to the significant increase in revenue due to the increase in electricity available for sale. EBITDA from the electric power generation and sales segment was GEL 20.5 million for the year ended 31 December 2021. The EBITDA margin from the electric power generation and sales segment was 79%, 72% and 65% for the years ended 31 December 2023, 2022 and 2021, respectively.

Net finance costs

Finance costs net of finance income decreased by GEL 1.4 million, or 4.2%, in 2023 to GEL 32.2 million for the year ended 31 December 2023, compared to GEL 33.6 million for the year ended 31 December 2022, and by GEL 2.1 million, or 5.9%, in 2022, compared to GEL 35.7 million for the year ended 31 December 2021. The decrease in 2023 was due to lower finance income due to lower cash balances. In 2022, the decrease was due to a refinancing of the 2020 Notes through a shareholder loan, which offered GGU a more favourable interest rate as well as an appreciation of the Georgian Lari against the US Dollar.

Net foreign exchange (loss)/gain

GGU recorded net foreign exchange losses of GEL 0.2 million in 2023, compared to net gains of GEL 57.9 million and GEL 25.6 million in 2022 and 2021, respectively. The change from a gain to a loss in 2023 was due to the depreciation of the Lari against the US Dollar and the Euro during the year, whereas the Lari appreciated against these currencies during 2022 and 2021.

Depreciation and amortisation

Depreciation and amortisation increased by GEL 5.2 million, or 13.8%, in 2023 to GEL 42.9 million for the year ended 31 December 2023, compared to GEL 37.7 million for the year ended 31 December 2022, and by GEL 1.1 million, or 3.0%, in 2022, compared to GEL 36.6 million for the year ended 31 December 2021. The gradual increases were driven by capital expenditure incurred mainly in relation to repairs of the water supply and wastewater treatment pipelines network developments, new connections, rehabilitation of several pumping stations and elimination of accidents.

Reassessment of estimates related to Eurobond refinancing

In the year ended 31 December 2021, GGU recorded a charge in the amount of GEL 33.1 million due to the reassessment of estimates related to the Eurobond refinancing. This related to management's intention to exercise the call option to redeem the Eurobonds on 30 July 2022. The exercise of the call option was one of the conditions to complete the acquisition of a stake in GGU by Aqualia in 2022. See "*Business—History*".

Net non-recurring expenses

GGU recorded net non-recurring income of GEL 1.0 million in the year ended 31 December 2022 and net non-recurring expenses in the amount of GEL 15.7 million in the year ended 31 December 2021. The gain recorded in 2022 related to a gain from the Note Redemption. Net non-recurring expenses in 2021 primarily related to tax expenses on abnormal water losses during the period. Georgian tax legislation also provides for charging corporate income tax on abnormal water losses.

Financial condition

The following table sets forth GGU's consolidated financial condition as at 31 March 2024 and as at December 2023, 2022 and 2021:

	As at 31 March	As at 31 December		
	2024	2023	2022	2021[(1)]
	(Unaudited)		*(Audited)*	
		(GEL thousands)		
Assets				
Non-current assets				
Property, plant and equipment	876,279	843,439	679,587	611,037
Investment property	9,297	9,297	7,368	7,382
Right-of-use assets	1,017	1,648	332	337
Restructured trade receivables	112	155	90	83
Other non-current assets	5,161	5,452	7,661	4,324
Total non-current assets	**891,866**	**859,991**	**695,038**	**623,163**
Current assets				
Inventories	7,359	6,942	5,776	5,065
Trade and other receivables	29,043	23,801	21,449	23,559
Prepaid taxes other than income tax	357	467	18	244
Reimbursement assets	1,900	1,900	–	–
Prepayments	4,875	3,194	1,539	1,365
Other current assets	–	–	–	2,594
Cash and cash equivalents	9,668	7,282	36,909	59,894
Total current assets	**53,202**	**43,586**	**65,691**	**92,721**
Total assets	**945,068**	**903,577**	**760,729**	**715,884**
Equity				
Share capital	84,666	84,666	84,666	2

Treasury shares	(15,875)	(15,875)	(15,875)	–
Additional paid-in capital and other reserves	15,021	15,021	15,021	8,076
Revaluation reserve for property, plant and equipment	4,385	4,385	4,385	4,385
Retained earnings	221,479	201,792	152,380	102,750
Total equity	**309,676**	**289,989**	**240,577**	**115,213**
Liabilities				
Non-current liabilities				
Borrowings	2,578	2,604	446,180	510,119
Deferred revenue	33,260	32,054	29,797	26,874
Lease liabilities	871	1,512	176	167
Other non-current liabilities	168	152	89	25
Total non-current liabilities	**36,877**	**36,322**	**476,242**	**537,185**
Current liabilities				
Borrowings	524,296	509,295	3,030	15,509
Advances received	28,063	26,252	16,275	16,005
Trade and other payables	28,351	28,423	14,627	15,412
Provisions for liabilities and charges	7,187	6,868	1,855	1,401
Deferred revenue	6,295	6,261	5,495	5,545
Lease liabilities	165	152	168	197
Other taxes payable	4,158	15	2,460	3,838
Other current liabilities	—	–	–	5,579
Total current liabilities	**598,515**	**577,266**	**43,910**	**63,486**
Total liabilities	**635,392**	**613,588**	**520,152**	**600,671**
Total liabilities and equity	**945,068**	**903,577**	**760,729**	**715,884**

Note:

(1) Extracted from the 2022 Financial Statements.

Total assets

Total assets increased by GEL 41.5 million, or 4.6% to GEL 945.1 million as at 31 March 2024, compared to GEL 903.6 million as at 31 December 2023. The increase in the first quarter of 2024 was primarily due to an increase in property, plant and equipment due to capital expenditure in relation to water supply and sanitation infrastructure.

Total assets increased by GEL 142.8 million, or 18.8%, in 2023 to GEL 903.6 million as at 31 December 2023, compared to GEL 760.7 million as at 31 December 2022, and increased by GEL 44.8 million, or 6.3%, in 2022, compared to GEL 715.9 million as at 31 December 2021. The increases in 2023 and 2022 were primarily due to an increase in property, plant and equipment as a result of capital expenditure primarily related to water infrastructure assets.

Property, plant and equipment

Property, plant and equipment increased by GEL 32.8 million, or 3.9%, to GEL 876.3 million as at 31 March 2024, compared to GEL 843.4 million as at 31 December 2023. The increase was predominantly due to a GEL 29.2 million increase in infrastructure assets.

Property, plant and equipment increased by GEL 163.9 million, or 24.1%, in 2023 to GEL 843.4 million as at 31 December 2023, compared to GEL 679.6 million as at 31 December 2022, and increased by GEL 68.6 million, or 11.2%, in 2022, compared to GEL 611.0 million as at 31 December 2021. The increases in 2023 and 2022 were primarily due to capital expenditure in relation to water supply and sanitation infrastructure carried out during the course of the two years in order to upgrade the network. These included the upgrading of the Khrami main pipeline in Rustavi as well as smaller pipelines in partnership with Tbilisi and Rustavi municipalities, the second stage of the Tabakhmela network development project and the refurbishment of the Bakhtrioni and Bagebi pumping stations. All regulated capital expenditure is included in the RCB, which is used by GNERC to calculate a fair return on investment.

Trade and other receivables

Trade and other receivables increased by GEL 5.2 million, or 22.0%, to GEL 29.0 million as at 31 March 2024, compared to GEL 23.8 million as at 31 December 2023. 93.5% of gross trade and other receivables was attributable to the water supply and sanitation business, while 0.9% related to electric power sales and 5.6% was attributable to other trade receivables. The increase in the first quarter of 2024 was predominantly due to the introduction of a new tariff for water and sewage services in January 2024 (as approved by GNERC in December 2023) which was 35.4% and 75.2% higher for commercial customers in Tbilisi and Rustavi, respectively, as compared to the tariff applicable in the previous regulatory period (from 2021 to 2023). This increase in tariff resulted in a GEL 6.7 million, or 28.9% increase in trade receivables for water supply services from legal entities, to GEL 30.0 million as at 31 March 2024, compared to GEL 23.2 million as at 31 December 2023.

Trade and other receivables increased by GEL 2.4 million, or 11.0%, in 2023 to GEL 23.8 million as at 31 December 2023, compared to GEL 21.4 million as at 31 December 2022, and decreased by GEL 2.1 million, or 9.0%, in 2022, compared to GEL 23.6 million as at 31 December 2021. As at 31 December 2023, 91.9% of gross trade and other receivables was attributable to the water supply and sanitation business, 1.8% was attributable to electric power sales and 6.0% was attributable to other trade receivables. The increase in 2023 was largely driven by increased water sales and electric power sales. The decrease in 2022 was due to a temporary receivable related to a land sale with a value of GEL 1.3 million and a one-off reduction in receivables from electric power sales.

Cash and cash equivalents

Cash and cash equivalents increased by GEL 2.4 million, or 32.8%, to GEL 9.7 million as at 31 March 2024, compared to GEL 7.3 million as at 31 December 2023. The increase was due to the improved cash generation of the business, as well as proceeds from borrowings.

Cash and cash equivalents decreased by GEL 29.6 million, or 80.3%, in 2023 to GEL 7.3 million as at 31 December 2023, compared to GEL 36.9 million as at 31 December 2022, and by GEL 23.0 million, or 38.4%, in 2022, compared to GEL 59.9 million as at 31 December 2021. The decreases in 2023 and 2022 were due to a significant increase in capital expenditure from GEL 78.8 million in 2021, to GEL 107.9 million in 2022 and GEL 193.6 million in 2023.

Total equity

Total equity increased by GEL 19.7 million, or 6.8%, to GEL 309.7 million as at 31 March 2024, compared to GEL 290.0 million as at 31 December 2023. The increase was attributable to a GEL 19.7 million increase in retained earnings.

Total equity increased by GEL 49.4 million, or 20.5%, in 2023 to GEL 290.0 million as at 31 December 2023, compared to GEL 240.6 million as at 31 December 2022, and by GEL 125.4 million, or 108.8% in 2022, compared to GEL 115.2 million as at 31 December 2021. The increases were due to higher retained earnings as well as an increase in share capital and shares in treasury as a result of the 2022 Spin-Off.

Total liabilities

Total liabilities increased by GEL 21.8 million, or 3.6%, to GEL 635.4 million as at 31 March 2024, compared to GEL 613.6 million as at 31 December 2023. The increase was mainly attributable to a GEL 15.0 million, or 2.9% increase in borrowings to GEL 526.9 million as at 31 March 2024, as compared to GEL 512.0 million as at 31 December 2023.

Total liabilities increased by GEL 93.4 million, or 18.0%, in 2023 to GEL 613.6 million as at 31 December 2023, compared to GEL 520.2 million as at 31 December 2022, and decreased by GEL 80.5 million, or 13.4%, in 2022, compared to GEL 600.7 million as at 31 December 2021. The increase in 2023 was due to higher borrowings, as well as an increase in trade and other payables and advances received, and the decrease in 2022 was due to a reduction in borrowings and bonds issued as a result of the Note Redemption and the strengthening of the Lari.

Borrowings

Total borrowings increased by GEL 15.0 million, or 2.9%, to GEL 526.9 million as at 31 March 2024, compared to GEL 511.9 million as at 31 December 2023. The increase was primarily due to a EUR 5.1 million loan provided by Aqualia in January and February of 2024. As at 31 March 2024, 85.0% and 15.0% of total borrowings were denominated in US Dollars and euro, respectively.

Total borrowings increased by GEL 62.7 million, or 14.0%, in 2023 to GEL 511.9 million as at 31 December 2023, compared to GEL 449.2 million as at 31 December 2022, and decreased by GEL 76.4 million, or 14.5%, in 2022, compared to GEL 525.6 million as at 31 December 2021. The increase in borrowings in 2023 was due to a new GEL 65.2 million shareholder loan denominated in euro. The decrease in borrowings in 2022 was due to the Note Redemption financed by a shareholder loan and the related write-off of commissions in the amount of GEL 27.5 million.

Trade and other payables

Trade and other payables remained stable, decreasing slightly by GEL 0.1 million, or 0.3%, to GEL 28.4 million as at 31 March 2024, compared to GEL 28.4 million as at 31 December 2023.

Trade payables increased by GEL 13.8 million, or 94.3%, in 2023 to GEL 28.4 million as at 31 December 2023, compared to GEL 14.6 million as at 31 December 2022, and decreased by GEL 0.8 million, or 5.1%, in 2022, compared to GEL 15.4 million as at 31 December 2021. The increases in 2023 and 2022 were due to an increase in capital expenditure in those years as compared to the prior years.

Deferred revenue

Non-current deferred revenue remained relatively stable, increasing slightly by GEL 1.2 million, or 3.8%, to GEL 33.3 million as at 31 March 2024, compared to GEL 32.1 million as at 31 December 2023. Non-current deferred revenue increased by GEL 2.3 million, or 7.6%, in 2023 to GEL 32.1 million as at 31 December 2023, compared to GEL 29.8 million as at 31 December 2022, and increased by GEL 2.9 million, or 10.9%, in 2022, compared to GEL 26.9 million as at 31 December 2021. The growth of current deferred revenue in 2023 and 2022 was due to steady growth in new connection payments, which are deferred over a ten-year period.

Current deferred revenue remained stable at GEL 6.3 million as at 31 March 2024 and 31 December 2023. Current deferred revenue increased by GEL 0.8 million, or 13.9%, in 2023 to GEL 6.3 million as at 31 December 2023, compared to GEL 5.5 million as at 31 December 2022, and remained stable in 2022. The increase in current deferred revenue in 2023 was due to consistent growth in new connection payments, which are deferred for ten years.

Liquidity and Capital Resources

Capital Resources

GGU's primary uses of cash are capital investments in its water supply and wastewater treatment network. Its primary sources of liquidity are cash flow generated from its operations and loans from its shareholders following Aqualia's acquisition of a stake in GGU in 2022.

On 7 September 2022, GGU redeemed its 2020 Notes issued with carrying value amounting to GEL 826.7 million (U.S.$266.9 million) as at 31 December 2021. The redemption was carried out at the price of 103.875%, plus accrued and unpaid interest in accordance with terms and conditions of the 2020 Notes, and the total redemption amount was GEL 741.8 million (U.S.$ 255.5 million). In August 2022, GGU obtained US Dollar-denominated loans from its shareholders (Aqualia and Georgia Capital) in the amount of GEL 476.6 million (U.S.$164.3 million) and GEL 261.3 million (U.S.$90.0 million), respectively, for the purposes of the Note Redemption. Both loans carried a fixed interest rate of 7.35% per annum and mature on 18 August 2024. In September 2022, GGU was released and discharged from its obligations under the U.S.$90.0 million loan agreement with Georgia Capital as part of the divestment of GRPO to Georgia Capital. For more details, see "*Business—History*". As at 31 March 2024, the principal amount of the US-Dollar denominated loan from Aqualia was GEL 445.0 million.

During 2023, GGU obtained a loan from Aqualia denominated in euro with a fixed capitalised interest rate of 7.6% per annum that matures on 31 December 2024. As at 31 March 2024, the outstanding balance of the euro denominated loan was GEL 79.2 million.

During the first quarter of 2024 and the year ended 31 December 2023, accrued interest related to the US Dollar denominated loan from Aqualia was capitalised to the carrying amount of the euro denominated loan in the amount of GEL 9.1 million and GEL 24.5 million, respectively.

As at 31 March 2024, GGU had undrawn borrowing facilities from Aqualia amounting to GEL 96.8 million.

Cash flows

The following table sets forth GGU's cash flows for the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021:

	Three months ended 31 March		Year ended 31 December		
	2024	**2023**	**2023**	**2022**	**2021[(1)]**
	(Unaudited)	*(Unaudited, not reviewed)*		*(Audited)*	
			(GEL thousands)		
Net cash flows from operating activities	41,393	29,576	134,187	131,104	107,241
Net cash used in investing activities	(44,473)	(33,404)	(191,472)	(101,468)	(67,639)
Net cash (used in)/from financing activities	5,576	(7,898)	27,652	(50,888)	(34,068)
Effect of foreign exchange rate changes on cash and cash equivalents	(110)	(95)	6	(1,733)	(1,218)
Net change in cash and cash equivalents	**2,386**	**(11,821)**	**(29,627)**	**(22,985)**	**4,316**
Cash and cash equivalents at beginning of period	7,282	36,909	36,909	59,894	55,578
Cash and cash equivalents at end of period	**9,668**	**25,088**	**7,282**	**36,909**	**59,894**

Note:

(1) Extracted from the 2022 Financial Statements.

Net cash from operating activities

Net cash from operating activities increased by GEL 11.8 million, or 40.0%, to GEL 41.4 million for the three months ended 31 March 2024, compared to GEL 29.6 million for the three months ended 31 March 2023. The increase was mainly due to the new tariff for water and sewage services for commercial customers and higher power sales due to increased water inflow, power generation and tariffs and a reduction in own energy consumption.

Net cash from operating activities increased by GEL 3.1 million, or 2.4%, in 2023 to GEL 134.2 million for the year ended 31 December 2023, compared to GEL 131.1 million for the year ended 31 December 2022, and increased by GEL 23.9 million, or 22.3%, in 2022, compared to GEL 107.2 million for the year ended 31 December 2021. These increases were primarily due to the growth in water sales and the improvement in collection rates of water sales.

Net cash used in investing activities

Net cash used in investing activities increased by GEL 11.1 million, or 33.1%, to GEL 44.5 million for the three months ended 31 March 2024, compared to GEL 33.4 million for the three months ended 31 March 2023. The increase was due to a GEL 10.2 million, or 29.7% increase in purchase of property, plant and equipment and intangible assets to GEL 44.7 million for the three months ended 31 March 2024, as compared to GEL 34.5 million for the three months ended 31 March 2023, as a result of higher capital expenditure, mostly related to the water supply and wastewater treatment network, acquisition of energy infrastructure assets, including circuit breakers for generators at Zhinvali HPP, and the acquisition of vehicles.

Net cash used in investing activities increased by GEL 90.0 million, or 88.7%, in 2023 to GEL 191.5 million for the year ended 31 December 2023, compared to GEL 101.5 million for the year ended 31 December 2022, and by GEL 33.8 million, or 50.0%, in 2022, compared to GEL 67.6 million for the year ended 31 December 2021. The increase in 2023 was due to capital expenditure in relation to the network infrastructure development projects, zoning programmes aimed at detecting water leakages across Tbilisi to reduce losses and the increasing number of connections of new customers. The increase in 2022 was mainly due to network infrastructure development and new customer connection projects.

Net cash from financing activities

Net cash from financing activities increased by GEL 13.5 million, or 170.9%, to GEL 5.6 million for the three months ended 31 March 2024, compared to cash outflow of GEL 7.9 million for the three months ended 31 March 2023. The increase was due to the proceeds from borrowings in the amount of GEL 5.9 million in the three months ended 31 March 2024 and the payment of interest in the amount of GEL 7.8 million in the three months ended 31 March 2023 which did not recur in the three months ended 31 March 2024.

Net cash from financing activities was GEL 27.7 million for the year ended 31 December 2023, compared to a cash outflow of GEL 50.9 million for the year ended 31 December 2022 and a cash outflow of GEL 34.1 million for the year ended 31 December 2021. The shift to a cash inflow in 2023 was due to higher net borrowings as well as lower interest paid. In addition, in 2022, GGU paid GEL 27.5 million of commissions for the Note Redemption which related to the refinancing following the acquisition of a stake in GGU by Aqualia. These commissions did not recur in 2023. This, as well as higher interest paid, also contributed to the increase in cash used in financing activities in 2022 compared to 2021.

Capital expenditure

The following table sets forth a breakdown of capital expenditure by business for the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021:

	Three months ended 31 March		Year ended 31 December		
	2024	**2023**	**2023**	**2022**	**2021**
	(Unaudited)		*(Audited)*		
	(GEL thousands)				
Water supply and sanitation business	42,776	34,447	189,969	104,641	77,514
Renewable energy business	1,960	54	3,594	2,871	1,279
Total capital expenditure	**44,736**	**34,501**	**193,563**	**107,512**	**78,793**

Capital expenditure increased by GEL 10.3 million, or 30%, to GEL 44.8 million for the three months ended 31 March 2024, compared to GEL 34.5 million for the three months ended 31 March 2023. The increase was mainly due to transitional network rehabilitation projects that began in 2023 such as the Khrami trunkline rehabilitation, Tsereteli avenue rehabilitation and the second stage of the Tabakhmela network development.

Capital expenditure increased by GEL 85.7 million, or 79.5%, in 2023 to GEL 193.6 million for the year ended 31 December 2023, compared to GEL 107.9 million for the year ended 31 December 2022, and by GEL 28.7 million, or 36.3%, in 2022, compared to GEL 79.1 million for the year ended 31 December 2021. The increases in 2023 and 2022 were due to network infrastructure development projects, zoning programmes aimed at detecting water leakages across Tbilisi to reduce losses and the increasing number of connections of new customers.

For details of capital expenditure incurred across the water supply and sanitation business, see "*Business—Operations—Water Supply and Sanitation Services—Capital expenditure*".

Contractual Obligations

Commitments

Environmental matters

The enforcement of environmental regulation in Georgia is evolving and the enforcement position of government authorities is continually being reconsidered. GGU periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Taxation

In Georgia, tax returns remain open and subject to inspection for a period of up to three years. If an understatement of a tax liability is detected as a result of an inspection, penalties and fines to be paid might be material in respect of the tax liability misstatement. GGU's management does not expect the outcome of the inspections to have a material impact on

GGU's consolidated financial position or results of operations. Management believes that GGU has paid and accrued all taxes that are applicable.

Litigations

GGU is subject to litigations in the normal course of its business. GGU normally obtains insurance against common types of claims, such as those associated with damages related to water supply network deficiencies. As at 31 March 2024, GGU had recognised a GEL 7.2 million provision for legal claims and a GEL 1.9 million reimbursement asset due from the insurance company in respect of such claims.

Financial Risk Management

In the ordinary course of its business, GGU is exposed to interest rate, currency, credit and liquidity risks. GGU's management oversees the management of these risks, as described in further detail below.

Off-balance sheet arrangements

As at 31 March 2024, GGU had no off-balance sheet arrangements.

Currency risk

Currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. GGU's management monitors open currency positions in each material currency and enters into foreign currency derivatives transactions as necessary.

Currency risk arises mostly from US Dollar and euro denominated borrowings. The following table sets forth the impact of an increase/(decrease) in currency values on profit for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December					
	2023		2022		2021[(1)]	
	Increase/ (decrease) in %	Effect on profit	Increase/ (decrease) in %	Effect on profit	Increase/ (decrease) in %	Effect on profit
	(%)	*(GEL thousands)*	*(%)*	*(GEL thousands)*	*(%)*	*(GEL thousands)*
USD......................	27.37%	17,910	18.92%	72,871	15.00%	57,108
USD......................	(27.37)%	(17,910)	(18.92)%	(72,871)	(7.00)%	(24,475)
EUR......................	18.84%	84,112	N/A	N/A	N/A	N/A
EUR......................	(18.84)%	(84,112)	N/A	N/A	N/A	N/A

Note:

(1) Extracted from the 2022 Financial Statements.

Credit risk

Credit risk is the risk that GGU will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. GGU manages and controls credit risk it undertakes by setting limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risks are monitored on a continuous basis and subject to an annual or more frequent review.

As at 31 March 2024 and as at 31 December 2023, 2022 and 2021, GGU has no other significant financial assets subject to credit risk except for:

- Cash and cash equivalents: as at 31 December 2023 out of total cash at bank of GEL 7.3 million (2022: GEL 36.9 million), GEL 6.9 million (2022: GEL 29.0 million) was kept with banks having ratings of "BB/bb" from Standard & Poor's, "B1/NP" (FC) & "Ba3/NP" (LC) from Moody's and "BB/bb" from Fitch Ratings; and

- Trade and other receivables (See Note 12 to the 2023 Financial Statements).

The credit quality of all financial assets is constantly monitored in order to identify any potential adverse changes in the credit quality. In respect of trade and other receivables, the management monitors credit quality based on days past due information. As at 31 March 2024 and as at 31 December 2023, 2022 and 2021, the carrying values of financial instruments best represent their maximum exposure to the credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its payment obligations associated when they fall due under normal or stress circumstances. Management monitors rolling forecasts of GGU's cash flows on a monthly basis. GGU seeks to maintain a stable funding base primarily consisting of borrowings and trade and other payables.

The table below sets forth financial liabilities as at 31 December 2023, 2022 and 2021 based on contractual undiscounted repayment obligations:

	Less than 1 year	1-3 years	3-5 years	Over 5 years	Total
		(GEL thousands)			
As at 31 December 2023					
Long-term and short-term borrowings and bonds issued	536,546	882	881	1,150	**539,459**
Trade and other payables	28,423	–	–	–	**28,423**
Lease liabilities	152	1,512	–	–	**1,664**
Total future payments	**565,121**	**2,394**	**881**	**1,150**	**569,546**
As at 31 December 2022					
Long-term and short-term borrowings and bonds issued	33,666	469,088	884	1,593	**505,231**
Trade and other payables	14,627	–	–	–	**14,627**
Lease liabilities	168	176	–	–	**344**
Total future payments	**48,461**	**469,264**	**884**	**1,593**	**520,202**
As at 31 December 2021[(1)]					
Long-term and short-term borrowings and bonds issued	37,621	75,234	516,942	2,400	**632,198**
Trade and other payables	15,412	–	–	–	**15,412**
Lease liabilities	197	167	-	-	**364**
Total future payments	**53,230**	**75,401**	**516,942**	**2,400**	**647,974**

Note:

(1) Extracted from the 2022 Financial Statements.

In managing liquidity risk, the management of GGU considers that GGU will be able to settle the liabilities falling due by applying cash proceeds from operations, draw-down of available loan commitments, refinancing and rolling-over of maturing facilities and, if appropriate, renegotiation of financial covenants.

As at 31 March 2024, GGU's current liabilities exceeded its current assets by GEL 545.3 million. The current liabilities of GGU as at 31 March 2024 included indebtedness under loan agreements with Aqualia in the amount of GEL 445.0 million and GEL 79.2 million with maturity in August 2024 and December 2024, respectively. For more information on these loan agreements, see "—*Liquidity and Capital Resources—Capital Resources*". If refinancing these loans is not available or is deemed economically unfeasible by Management, Aqualia is expected to extend the existing debt for at least another 12 months.

Significant Accounting Policies

The following are the most significant accounting policies applicable to the preparation of GGU's consolidated financial statements. See also Note 3 to the 2023 Financial Statements.

Property, plant and equipment

Water infrastructure assets comprise a network of systems consisting of raw water aqueducts, mains and sewers, impounding and pumped raw water storage reservoirs and sludge pipelines. Energy infrastructure assets (related to the divested renewable energy business) mainly comprised of turbine-generators, intakes and reservoirs as well as measurement masts required for wind projects and water-flow measurement stations. Investment expenditure on infrastructure assets relating to increases in capacity or enhancements of the network and asset replacements to maintain the operating capability of the network is treated as an addition and initially recorded at cost, whilst repair and maintenance expenditure which does not enhance the asset's base is charged as an operating cost. In addition to the purchase price, cost of property, plant and equipment, including assets under construction, includes directly attributable costs. Directly attributable costs include professional services provided by technical, environmental and other relevant experts and an allocation of internal costs.

GGU owns real estate that mainly consists of administrative buildings and operational premises. All categories of property, plant and equipment are accounted for at cost less accumulated depreciation and impairment.

Depreciation of an asset commences from the date the asset is ready and available for use. Depreciation of depreciable amount (defined as cost less residual value) is calculated on a straight-line basis over estimated useful lives. Existing useful lives applicable for several classes of property, plant and equipment are:

	Useful lives
Real estate	Up to 60 years
Water infrastructure assets	5-45 years
Energy infrastructure assets	10-50 years
Fixtures and fittings	5-10 years
Vehicles	5-10 years

The residual value of an asset is the estimated amount that GGU would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. Residual values for majority of GGU's property and equipment, except for vehicles, is assessed at nil.

Income and expense recognition

Revenue is recognised when GGU satisfies a performance obligation at an amount that reflects the consideration to which GGU expects to be entitled in exchange for promise to transfer the goods and services to a customer. The following specific principles also apply to GGU's major classes of revenues:

Revenue from water supply and related services

Revenue from water supply is recognised over time as a single performance obligation to supply water to customer is satisfied. Amounts billed to customers include billings for water supply as well as charges for connection and installation of water meters, as follows.

Revenue from water supply to legal entities includes amounts billed to the commercial customers based on the metered and estimated usage of water and by application of the relevant tariff for services set per unit of water supplied. Meters are read on a cyclical basis and GGU recognises revenue for unbilled amounts based on estimated usage of water based on the last billing through to the end of the financial year.

Revenue from water supply to general population includes amounts billed on monthly basis to the residential customers (with meter) based on the metered usage of water and by application of the relevant tariff for services set per unit of water supplied. For the residential customers having no meters, revenue is recognised based on the number of individual persons registered by the respective city municipality per each residential address by application of the relevant per capita tariff on a monthly basis.

Charges for installation of water meters include amounts billed to residential customers under GNERC rules. The performance obligations under such contracts are satisfied over time as GGU supplies water to respective customer and the revenue is recognised during the service period. The estimated service period for the meters is considered to be 10 years. The revenue is recognised over the respective time period.

Charges for connection service includes non-refundable amounts billed upfront for connecting customers to water system and providing them with the access to water supply. Charges from connection is recognised as revenue from water supply over time in line with the satisfaction of performance obligation to supply water to respective customer over the life of water meters.

Revenue from electric power sales (including those presented within discontinued operations)

Revenue from electric power sales is recognised on the basis of metered electric power transferred and by application of the fixed price according to the agreement formed with customers. Customers are usually obliged to pay the respective balances by the following month end.

Penalty income on illegal connections services

Penalty income on illegal connections services includes fines billed to customers for illegal connections identified by reinforced activities. Amounts billed are defined based on respective tariffs set by GNERC. Penalty income on illegal connections services is included in other income in the consolidated statement of profit or loss and other comprehensive income (see Note 22 to the 2023 Financial Statements).

Electricity and transmission costs

Electricity and transmission costs include payments for guaranteed power, for transit and dispatching of electric power and for maintenance of stations.

BUSINESS

Overview

GGU is a water utility and renewable energy business which supplies potable water and provides wastewater collection and processing services to approximately 650,000 residential customers and 42,000 commercial customers in Georgia and generates electricity through its portfolio of four HPPs with an aggregate installed capacity of 149 MW. A portion of the electricity generated by GGU is used to power its water distribution network, while the remainder is sold to third parties. In the three months ended 31 March 2024 and the year ended 31 December 2023, GGU sold 39.4 million and 161.7 million cubic metres of water and generated 98.8 million and 405.1 million KWh of net electricity, of which 39.2 million KWh and 168.8 million KWh were used internally by the water supply and sanitation services business, respectively.

For the three months ended 31 March 2024, 86.5% and 13.3% of total revenue, income and gains and 80.3% and 19.7% of segmental EBITDA was attributable to water supply and related services and electric power sales, respectively. For the year ended 31 December 2023, 86.7% and 13.0% of revenue, income and gains and 79.3% and 20.7% of segmental EBITDA was attributable to water supply and related services and electric power sales, respectively.

GGU's water supply and sanitation services business is a natural monopoly in the capital city of Tbilisi and the surrounding area, including the cities of Rustavi, Mtskheta and Gardabani, supplying these areas with potable water. The customer base for this business includes both commercial and residential customers, of which it had approximately 42,000 and 650,000 as at 31 March 2024, respectively. GGU earns a regulated return in relation to its water business, which is based on a methodology adopted by GNERC in August 2017. Allowed revenue for the current 2024-2026 regulatory period is determined by applying a WACC of 15.45% to GGU's RAB, taking into account depreciation, operating expenses and corrections from the previous regulatory period. During the past several years, GGU has been expanding its RAB through capital investments in water and wastewater infrastructure which have been intended to improve the quality of water supply and sanitation services to customers and contribute to operating efficiencies.

GGU currently operates four HPPs with a total installed capacity of 149 MW, including the Zhinvali, Tetrikhevi, Saguramo and Bodorna HPPs. The power produced by these HPPs is primarily used to power GGU's water distribution network. In the three months ended 31 March 2024 and the year ended 31 December 2023, 40% and 42% of the power produced was used to power GGU's water distribution network and the remainder was sold to third parties on the free market.

During the three months ended 31 March 2024, GGU generated revenue, income and gains of GEL 66.2 million and EBITDA of GEL 42.1 million and as at 31 March 2024, it had assets of GEL 945.1 million. During the year ended 31 December 2023, GGU generated revenue, income and gains of GEL 220.3 million and EBITDA of GEL 127.7 million and as at 31 December 2023, it had assets of GEL 903.6 million.

History

When the Soviet Union collapsed and Georgia gained independence in 1991, the quality of its water supply and wastewater treatment infrastructure was relatively low, with rationed and interrupted supply, frequent disruptions and poor drinking water quality. In the years following independence, the sector continued to suffer from a lack of investment, resulting in further deterioration of service quality. After the Rose Revolution in 2003, the new Government focused on improving these services. One of the initiatives undertaken by the Government in this area was the privatisation of Tbilisi Water Supply Company. In May 2008, GWP, together with RWC, Mtskheta Water LLC and Gardabani Sewage Treatment Plant LLC, was sold to Multiplex Energy Limited, a British Virgin Islands company limited by shares, which was subsequently renamed Georgian Global Utilities Limited. In May 2008, Georgian Global Utilities Limited took over responsibility for water supply and wastewater treatment services in Tbilisi and the adjacent cities of Rustavi and Mtskheta. Georgian Global Utilities Limited was subject to certain privatisation obligations in connection with its acquisition of the companies referred to above. In 2018, it completed the performance of all such privatisation obligations, which included, among others, the rehabilitation and modernisation of the Gardabani Sewage Treatment Plant and carrying out post-privatisation investments of not less than U.S.$220 million in aggregate. In April 2019, Georgian Global Utilities Limited formally exited its privatisation agreement with the Government and obtained unencumbered title over its water utility business and assets. In March 2020, as part of the de-offshorisation/redomiciliation process, Georgian Global Utilities Limited was dissolved and replaced by the Issuer, a newly incorporated Georgian holding company of the water utility business.

In December 2014, BGEO acquired a 25% stake in Georgian Global Utilities Limited. In June 2016, it acquired the remaining 75% stake. Effective May 2018, BGEO was demerged into Bank of Georgia Group and its investment business, Georgia Capital. Following the demerger, Georgian Global Utilities Limited became a wholly owned subsidiary of Georgia Capital.

On 31 December 2021, Georgia Capital concluded a share purchase agreement to sell an 80% equity interest in the water utility business of GGU to Aqualia by way of a two-stage transaction. The first stage of the water utility business sale transaction was completed on 3 February 2022 following the receipt by Georgia Capital of the full sales proceeds from Aqualia and the subsequent transfer of 65% of GGU's ordinary shares to Aqualia. Accordingly, in 2022, Aqualia became the new controlling shareholder of GGU's water business.

The second stage of the transaction followed the Note Redemption in the third quarter 2022, which was financed by Aqualia and Georgia Capital by way of a shareholder loan pro rata to their interests in GGU. Following the Note Redemption and the 2022 Spin-Off, Georgia Capital recovered full ownership of GGU's renewable energy assets, and Aqualia's ownership in the water utility business increased to 80%, with Georgia Capital owning the remaining 20%.

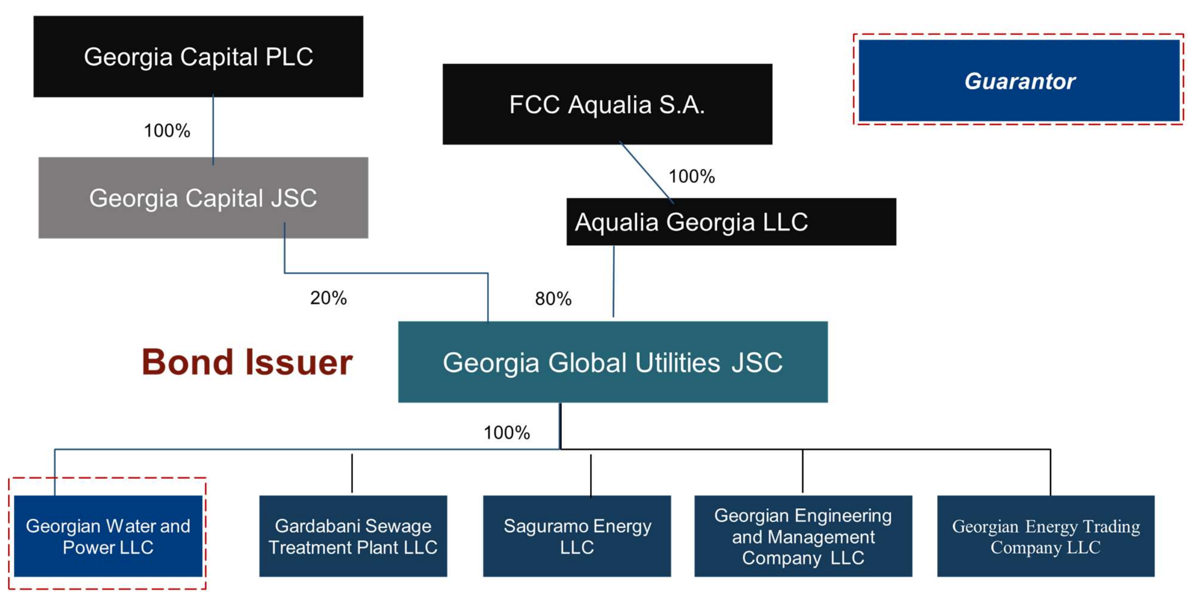
In June 2022, GGU established a 100% owned subsidiary known as Georgian Renewable Power Operations ("**GRPO**"). GGU's renewable energy assets, which comprised the Mestiachala HPP (which was owned by Svaneti Hydro), the Kasleti, Debeda and Akhmeta HPPs (all of which were owned by Hydrolea) and the Qartli Wind Farm, were transferred to GRPO in October 2022 in exchange for GRPO issuing equity instruments as part of the 2022 Spin-Off. GRPO was then divested to Georgia Capital in exchange for the redemption of GGU's shares.

In addition, Aqualia has granted Georgia Capital a put option, exercisable in 2025 or 2026, and Georgia Capital has granted Aqualia a call option, exercisable on the expiry date of the put option period, for the remaining 20% of GGU.

In parallel to the acquisition by Aqualia, Mtskheta Water LLC was merged into GWP on 30 November 2020 and RWC was merged into GWP on 19 December 2023.

Organisation

GGU's organisational structure is as follows:



Strengths

Management believes that GGU has the following competitive strengths:

Water Supply and Sanitation Services

Monopoly position through asset ownership of the water and wastewater infrastructure in Georgia's capital city of Tbilisi and surrounding areas

GGU's water supply and sanitation services business is a natural monopoly in the capital city of Tbilisi and the surrounding area, including the cities of Rustavi, Mtskheta and Gardabani. GGU's market share of the Georgian water sector based on the number of customers in 2023 was 55.6%, according to GNERC's 2023 annual report. Of the five largest cities in Georgia, two (Tbilisi and Rustavi) are fully serviced by GGU. GGU provides and controls the full operating cycle, from water production to wastewater collection and treatment.

Most profitable player in Georgia's water supply and sanitation services market with outstanding cash collection rates

Management believes that GGU is the most profitable player in Georgia's water supply and sanitation market, whereas the other players operating in this market are subsidised state-owned water utility companies. The EBITDA margin from the water supply and wastewater collection services segment was 59% for the first quarter of 2024. GGU distinguishes itself in terms of its service quality, 24-hour water supply and the quality of potable water. GGU has made significant investments in its infrastructure, which have significantly improved quality of service. GGU's NRW Ratio in Tbilisi, Mtskheta and Rustavi were 69.3% in 2023 and are on a declining trend, having decreased from 72% in 2022 and 74% in 2021. The NRW Ratio in Tbilisi, Mtskheta and Rustavi for the three months ended 31 March 2024 and 2023 was 69.1% and 71.1%, respectively. In addition, GGU's collection rates have been high, at 100%, 98% and 100% for commercial customers and 91%, 94% and 89% for residential customers in 2023, 2022 and 2021, respectively. Collection rates were 99% and 99% for commercial customers and 89% and 91% for residential customers in the three months ended 31 March 2024 and 2023, respectively.

Self-sufficiency in electricity supply for the water supply and sanitation business

GGU's water supply and sanitation business is self-sufficient in terms of electricity supply via the Zhinvali HPP, which is operated primarily for the purpose of powering GGU's water distribution network. Self-produced electricity consumption from the Zhinvali HPP was 168.8 million KWh in 2023, out of a total of 405.1 million KWh of net electricity generated by GGU. Self-sufficiency in energy supply is important in terms of the overall efficiency of GGU's water supply and sanitation business, since energy costs are typically the most significant marginal costs for water supply companies.

Regulated business with a fair return on investments

GGU benefits from supportive tariff regulation by GNERC, which provides for fair cost recovery through the tariff, including a return on regulated assets and reimbursement of depreciation and operating expenses. The WACC for the current 2024-2026 regulatory period is 15.45%. This provides GGU with strong revenue visibility across its water supply and sanitation business. In 2017, GNERC approved a hybrid incentive-based and cost-plus tariff calculation methodology. This model is aimed at allowing for a fair return on invested capital and operating expenses that utility companies must incur for their continued operations. The tariff defines a three-year regulatory period, with the current 2024-2026 regulatory period applying from 1 January 2024 to 31 December 2026. In January 2024, a new water supply tariff was introduced, having been approved by GNERC in December 2023. The new tariff for water and sewage services included a 35.4% and 75.2% increase for commercial customers in Tbilisi and Rustavi, respectively, as compared to the tariff applicable in the previous regulatory period (from 2021 to 2023). Accordingly, the water allowed revenue increased by 45.8% in the 2024-2026 regulatory period compared to the previous regulatory period.

Strong position in the deregulated electricity market with stable generation capacity

Management believes that GGU is one of the leading players in the deregulated electricity market in Georgia. The Zhinvali HPP, which has an installed capacity of 130 MW and water storage capacity of approximately 400 million cubic metres in its reservoir, is the second largest hydropower station constructed on a dam in Georgia. This provides GGU with stable generating capacity and flexibility to shift its generation pattern according to its needs, which is bolstered by its additional HPPs. Through these assets, GGU is fully self-sufficient in terms of energy required for water supply and sanitation services and also able to offer third party customers year-round arrangements.

Renewable Energy

Favourable regulatory regime, with deregulation providing further opportunities

Georgia has implemented a series of regulatory reforms that have created a favourable environment for renewable energy development. Smaller and medium-sized electricity producers have been deregulated and measures have been introduced to increase market liquidity and facilitate a transition towards market-based pricing. These reforms have significantly expanded the deregulated electricity market in Georgia, tripling its size since 2019.

Natural hedge of foreign exchange risk

GGU's electric power sales are primarily denominated U.S. Dollars, including both revenue under the Bodorna PPA and market sales of electricity. This provides GGU with a natural hedge in relation to its foreign exchange risk.

Strong position in deregulated electricity market with stable generation capacity

GGU is one of the most strongly positioned players in the deregulated electricity market in Georgia. Its Zhinvali HPP, which has an installed capacity of 130 MW and water storage capacity of approximately 400 million cubic metres in its reservoir, is the second largest hydropower station with a reservoir in Georgia.

Upside opportunity from efficiency gains

Through efficient capital investments, GGU's water utility business has decreased its consumption of self-produced electricity. This reduction has allowed GGU to sell the excess electricity on the free market, creating an additional revenue opportunity.

Strategy

In the short term, GGU is aiming to consolidate management activities, increase management control and implement efficiency improvements.

In particular, GGU is aiming to continue to achieve efficiencies across its water supply and sanitation services business in order to remain fully aligned with the relevant regulatory standards and provisions. For example, GGU is modernising its existing pumping stations and increasing the efficiency of its pumps, rearranging existing water supply networks leading to an increase in gravity flow, reduction of wasteful consumption via an enhanced metering programme and reducing water losses through a network rehabilitation and the enhancement of a zoning programme. The plan to reduce water losses includes the introduction of district metering areas ("**DMAs**"), which will enable GGU to obtain a better understanding of pressure, flow and leakages, as well as active leakage detection, the installation of system input volume ("**SIV**") controls and pressure regulators, the detection of illegal connections and an auscultation programme to detect invisible leaks. GGU is specifically targeting operating efficiencies in high elevation areas, which are the costliest to supply water to, whereas water losses in lower elevation areas do not result in significantly higher costs. GGU's metering programme and rehabilitation works will therefore be particularly relevant in these areas. Efficiency improvements are expected to continue to contribute to decreases in self-produced electricity consumption, which has decreased at a compound annual rate of 4.5%, from 309.2 million KWh in 2014 to 168.8 million KWh in 2023. This frees up electricity generated by HPPs for third party electricity sales, which is in turn expected to contribute to increased cash flows, particularly in light of electricity market deregulation.

GGU is also improving its customer service, including through the use of performance indicators and the improvement of its communication function. It is also working to improve internal procedures and processes, with a focus on reducing the response time and improving the quality of its works. GGU also aims to improve its operational centres.

In the medium to long term GGU plans to focus on further investments in (i) energy saving and water supply improvements, including modernisation of Bagebi and Bakhtrioni pumping stations and rearrangement of existing water supply networks to increase gravity flow, (ii) supervisory control and data acquisition systems, (iii) water loss reduction and water distribution flexibility, including network infrastructure rehabilitation and enhancement of zoning programme, and (iv) water production capacity improvements, including investments in filters and building at Samgori water treatment plant.

Operations

GGU primarily generates revenue through two activities: (i) water supply and wastewater collection services, and (ii) electric power generation and sales. It generates electricity through its portfolio of four HPPs with an aggregate installed capacity of 149 MW. The electricity generated by GGU is used primarily for internal consumption to power its water distribution network, with electricity sales also being made to third parties. GGU also generates revenue from new connections for its water supply and sanitation services business. In 2023, GGU had 4,185 new connections. In the first quarter of 2024, it had 1,028 new connections.

The following table sets forth a breakdown of revenue, income and gains for the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021:

	Three Months ended 31 March		Year ended 31 December		
	2024	2023	2023	2022	2021[(1)]
	(Unaudited)		*(Audited)*		
			(GEL thousands)		
Revenue from water supply and related services	57,269	44,399	190,969	184,870	172,322
Revenue from electric power sales	8,831	4,843	28,747	23,891	26,665
Other revenue	134	154	611	1,254	2,443
Total revenue, income and gains	**66,234**	**49,396**	**220,327**	**210,015**	**201,430**

Note:

(1) Extracted from the 2022 Financial Statements.

Water Supply and Sanitation Services

GGU supplies potable water and provides wastewater collection and processing services to approximately 650,000 residential customers and 42,000 commercial customers in Georgia. It is a natural monopoly in the capital city of Tbilisi and the surrounding area, including the cities of Rustavi, Mtskheta and Gardabani. Potable water is supplied solely by GWP following the merger between GWP and Mtskheta Water LLC on 30 November 2020 and between GWP and RWC on 19 December 2023. Gardabani Sewage Treatment Plant LLC is a wastewater treatment plant serving the customer bases of water utility customers. During the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021, GGU sold 39.4 million, 38.9 million, 161.7 million, 149.4 million and 145.6 million cubic metres of water, respectively.

The following table sets forth certain data regarding the water supply and sanitation business for the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021:

	Three Months ended 31 March		Year ended 31 December		
	2024	2023	2023	2022	2021
Water sales (*millions of cubic metres*)	39.4	38.9	161.7	149.4	145.5
Self-produced electricity consumption (*millions of KWh*)	39.2	40.2	168.8	178.1	180.3
NRW Ratio in Tbilisi(*%*)	69.6	72	69.8	72.5	76.6
NRW Ratio in Rustavi (*%*)	59.0	61.7	60.9	61.4	59.8
NRW Ratio in Mtskheta	44.3	53.6	44.6	58.2	63
NRW Ratio Tbilisi, Mtskheta and Rustavi	69.1	71.1	69.3	72	74
Capital repair of water network (*km*)	3,871	5,789	45,247	19,567	20,418
Capital repair of wastewater network (*km*)	1,966	325	13,700	6,055	6,114
Number of water failures on distribution pipelines[(1)]	4,406	4,594	18,049	16,925	16,474
Number of water failures on water trunklines[(1)]	106	88	423	283	128
Number of wastewater failures	4,920	5,514	12,595	12,464	12,608
Water network failures per 100 kilometres	102	88	432	415	415
Wastewater network failures per 100 kilometres	292	267	808	848	869

Note:

(1) When GGU is notified of a potential failure, its technical team visits the respective site. If no damage is identified, the event is not considered a failure. If the failure is significant, it is classified as a rehabilitation.

Water Supply and Water Treatment Infrastructure

The majority of raw water used by GGU in the provision of water supply and sanitation services to its customers is sourced from the Aragvi River Valley. After the water flows through the Zhinvali HPP (discussed below under "*—Renewable Energy*"), it flows to the Bodorna distribution reservoir through a tunnel that is approximately 8 kilometres in length. From the Bodorna reservoir, the water flows at approximately 12-13 cubic metres per second towards Tbilisi via a 42-kilometre tunnel while water is spilled back to Aragvi River at a rate of approximately 30-35 cubic metres per second. 5-6 cubic metres of water from the 42-kilometre tunnel is delivered and treated at the Ghrmaghele water treatment plant, up to 4.5 cubic meters are delivered to the Saguramo HPP and the remainder is deposited into the Tbilisi water reservoir, which serves as a buffer reservoir.

Surface water from the Aragvi River is processed and treated in natural sand and gravel infiltration areas situated on extended land owned by GGU in the Aragvi River Valley outside Tbilisi. This surface water is subsequently delivered to service reservoirs where it is chlorinated and distributed in the water supply network. Water processed by the Rustavi water infrastructure is sourced entirely from the Khrami River and is treated at the Khrami water treatment plant.

As part of the treatment process, water is chlorinated and, if necessary, coagulated with aluminium sulphate. All water supplied complies with World Health Organisation recommendations and national water quality standards. Water quality is monitored on a daily basis, and regular monitoring procedures are carried out in Tbilisi and its surroundings at 374 points of the water supply network. To assist with this process, GGU operates a chemical micro-biological laboratory located on the premises of the Ghrmaghele water treatment plant in Tbilisi. The laboratory is accredited according to the ISO 17025:2018 standard. Water quality fully satisfies the standards set out in National Technical Regulations on Drinking Water Quality (Decree No. 58 of the Government dated 15 January 2014).

Once treated and processed, water is distributed via an approximately 4,656-kilometre network of water pipelines. This network consists of main water lines, aqueducts, distribution networks and branches to customers, all of which are operated by GGU. In total, in 2023, the distribution network involved 58 pumping stations, 118 service reservoirs of pure water with a total capacity of approximately 520,000 cubic metres. The most important reservoirs are equipped with level detectors monitored by a central dispatch service.

As of 31 January 2024, 80% of existing pipes in the network were more than 10 years old, with 20% being aged 10 years or less. In terms of materials, 39%, 29%, 22%, 5% and 5% of existing pipes as of that date were made of polyethylene, composites, steel, concrete and ceramic, respectively. By diameter, 18% of pipes were 15-63 millimetres, 61% were 65-200 millimetres, 14% were 219-477 millimetres, 3% were 500-800 millimetres and 4% were more than 800 millimetres.

GGU provides wastewater collection and treatment services to the customer bases of water utility customers in Georgia at the Gardabani Sewage Treatment Plant. As part of its post-privatisation obligations, GGU was required to rehabilitate and modernise the wastewater treatment plant, which it completed in 2018. In total, GGU had six water treatment centres as of 31 March 2024.

Customers

GGU supplies the capital city of Tbilisi, as well as the neighbouring cities of Rustavi, Mtskheta and Gardabani with potable water. GGU's total customer base includes both commercial and residential consumers. Among its residential customers there are households that are not metered. GGU receives information regarding unmetered customers from a public service database, which enables it to generate bills based on per capita tariff.

The following table sets forth certain data regarding the customer base of the water supply and sanitation services business as at and for the three months ended 31 March 2024 and 2023 and as at and for the years ended 31 December 2023, 2022 and 2021:

	As at and for the Three Months Ended 31 March		As at and for the year ended 31 December		
	2024	2023	2023	2022	2021
Number of commercial customers	42,351	42,550	42,114	40,190	38,616
Number of residential customers	650,597	627,698	646,407	624,074	602,751
Revenue from water supply to legal entities *(GEL thousands)*	42,405	29,910	131,655	129,859	117,814
Revenue from water supply to general population *(GEL thousands)*	13,297	13,291	53,285	49,211	48,836
Charges for connection service *(GEL thousands)*	1,507	1,148	5,781	5,237	4,671
Charges for installation of water meters *(GEL thousands)*	60	50	248	563	1,001
Cash receipts from water supply to commercial customers *(GEL thousands)*	37,924	29,229	134,381	128,352	114,024
Cash receipts from water supply to residential customers *(GEL thousands)*	12,050	11,570	48,805	46,279	41,054
Cash collection for commercial customers *(%)*	99	99	100	98	100
Cash collection for residential customers *(%)*	89	89	91	94	89
New connections	1,028	839	4,185	4,119	3,847

Billing and Collections

Water sales are billed on a monthly basis for both commercial and residential customers, regardless of whether they are metered or unmetered. All commercial customers are metered clients. A metering process has been also implemented among GGU's residential customers, although approximately 52% of residential customers remain unmetered. Customers who do not have a meter are billed based on the number of individuals registered on the civil register at a particular residence and by the application of the relevant fixed tariff per capita per month.

In order to minimise lost revenue from water theft by clients, GGU has a monitoring and investigation team. A client inspection is performed in the following cases:

- Call centre information: if a call centre receives information that a specific customer is stealing water, the investigations team inspects the customer to ascertain whether the information received is accurate;
- Database review: old and new bills for the same customers are regularly compared; if a significant discrepancy is observed, the investigations team visits the site and inspects the metering machine and water pipe infrastructure; and
- Peer review: bills of similar entities are compared regularly; if material differences in terms of water usage are identified, the investigations team undertakes an inspection of the customer.

GGU's collection rates have been high, at 100%, 98% and 100% for commercial customers and 91%, 94% and 89% for residential customers in 2023, 2022 and 2021, respectively. Collection rates were 99% and 99% for commercial customers and 89% and 91% for residential customers in the three months ended 31 March 2024 and 2023, respectively.

Sales and Tariffs

GGU earns a regulated return in relation to its water supply and sanitation business, which is based on a tariff-setting methodology adopted by GNERC in August 2017. The methodology is a hybrid incentive-based and cost-plus tariff calculation model. This model is aimed at allowing for a fair return on invested capital and operating expenses utility companies must incur for their continued operations. Under the model, GGU multiplies a WACC by the net book value of its RAB, essentially comprising the net book value of its existing assets plus capital expenditure it has made. This yields the return on assets, to which depreciation and operating expenses are added in order to reach allowed revenue (taking into account any corrections from the previous regulatory period). All calculations are in accordance with GNERC's tariff methodology, which differs from the presentation in GGU's IFRS financial statements. The methodology introduced in August 2017 defines a three-year regulatory period. The first regulatory period for which this methodology applied ran from 1 January 2018 to 31 December 2020, followed by the most recently ended period, which ran from 1 January 2021 to 31 December 2023. The third regulatory period runs from 1 January 2024 to 31 December 2026. The WACC specified for the first three-year regulatory period was 15.99%. The WACC applicable for the second three-year regulatory period was 14.98% and the WACC applicable for the current 2024-2026 regulatory period is 15.45%. GGU is required to submit a new tariff application no later than 4 July of the year immediately preceding the next tariff period. Together with the tariff application, GGU is required to submit its most recent audited financials. GNERC is authorised to request any additional information it requires and the tariff is set through public proceedings, based on the same methodology as applied previously. The final deadline for the completion of the tariff-setting process is established by GNERC itself. However, it must be finalised prior to the start of the new regulatory period.

Although the current 2024-2026 regulatory framework effectively subsidises residential customers, significant changes to the Energy Law are expected to become effective in the future. Starting from 1 January 2027, subsidization between customer categories in terms of tariff setting will no longer be possible. This means that, unless the deadline is postponed through amendments to the Energy Law or other legislative actions, the water supply tariffs determined by GNERC for various customer categories will need to adhere to the general tariff outlined in the principles of the Energy Law.

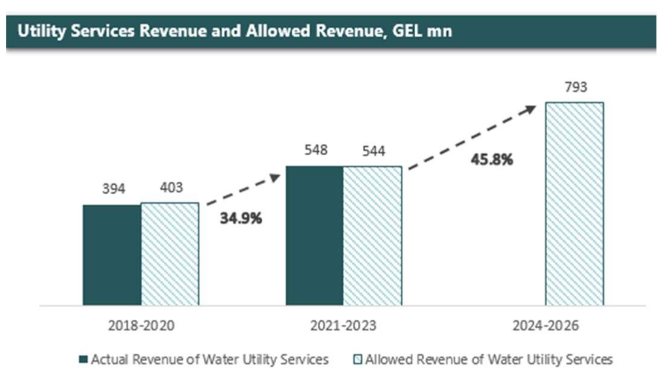
From 2027 onwards, each customer category will be subject to tariffs that reflect these principles, potentially leading to adjustments in pricing structures and financial planning for both GGU and its customers.

Since 1 January 2024, while the new regime has resulted in a 35.4% and 75.2% increase in the tariff for water and sewage services for commercial customers in Tbilisi and Rustavi, respectively, the tariffs for unmetered and metered residential customers remained unchanged.

The following table sets forth changes in GWP's tariffs:

	2018-2020	2021-2023		2024-2026	
		Tbilisi	Change	Tbilisi	Change
	(GEL, including VAT)				
Tbilisi, Mtskheta					
Commercial	4.4	6.503	47.8%	8.807	35.4%
Metered	0.329	0.500	52.1%	0.500	0.0%
Non-metered	3.898	4.517	15.9%	4.517	0.0%
Rustavi					
Commercial	3.644	3.711	1.8%	6.500	75.2%
Metered	0.405	0.500	23.5%	0.500	0.0%
Non-metered	2.281	3.008	31.9%	3.008	0.0%

The following chart sets forth utility services revenue and allowed revenue:



Raw Materials

GGU is self-sufficient in relation to its water supply as well as its electricity supply, as described below under "—*Renewable Energy*". The other raw materials it requires include fuel, chlorine and coagulant, which it acquires at market prices. It participates in annual tenders for fuel supplies and monthly/quarterly tenders for chlorine and coagulant supplies. For the three months ended 31 March 2024 and the year ended 31 December 2023, fuel, chlorine and coagulant collectively comprised approximately 3.6% and 3.9% of operating expenses, respectively.

Capital expenditure

GGU's capital expenditure in relation to its water supply and sanitation services business primarily comprises expenditures for network infrastructure development, incidents repair, expenditure on water treatment plants, pumping stations and reservoirs, infrastructure capital repairs and new equipment, its metering programme (described above under "—*Customers*") and new customer connections. The following table sets forth a breakdown of capital expenditure for the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021:

	Three Months Ended 31 March		Year ended 31 December		
	2024	**2023**	**2023**	**2022**	**2021**
			(GEL thousands)		
Network infrastructure development	19,713	10,442	88,298	27,011	17,569
Incidents repair	6,531	4,413	23,222	16,127	14,130
Water treatment plants	1,167	1,044	4,478	3,563	2,748
Pumping stations and reservoirs	1,219	1,372	5,031	4,818	3,047
Infrastructure capital repair and new equipment	2,723	2,732	11,221	5,977	4,065
Metering programme	672	1,749	5,856	2,968	2,535
Connection of new customers	8,342	11,574	37,598	36,710	24,325
Transport maintenance and acquisition	1,315	662	7,081	4,918	2,057
Security, office and IT	872	324	4,886	2,425	6,578
Gardabani Sewage Treatment plant	332	112	2,297	454	755
Water supply and sanitation business	42,885	34,423	189,969	104,971	77,809
Renewable energy business (1)	1,960	54	3,594	2,871	1,279
Total capital expenditure	**44,845**	**34,477**	**193,563**	**107,842**	**79,088**

Note:

(1) For details of the HPPs, see "—*Renewable Energy*" below.

Network infrastructure development

GGU's network infrastructure development programme for its water supply and sanitation business is divided into two categories: (i) rehabilitation of the amortised water pipeline network where the failure rate and operational expenses are highest; and (ii) development of new water supply systems within Tbilisi's new and developing boundaries. This programme contributes to a lower NRW Ratio and lower failure rates, driving lower operational expenses and self-produced electricity consumption and providing additional water distribution flexibility. The programme also delivers increased water supply reliability and efficient use of GGU's own infrastructure. The key major ongoing capital expenditure projects in this area include the refurbishment of the Bakhtrioni and Bagebi pumping stations and the water production capacity improvement project at the Samgori water treatment plant.

Metering programme

GGU's metering programme can be divided into two main categories: (i) metering of residential customers; and (ii) metering of commercial customers. The metering programme facilitates accurate accounting of consumed water by customers, leading to water and self-produced energy consumption savings for residential customers and increased revenue for both residential and commercial customers.

GGU is focused on metering customers in high elevation zones, where the electricity consumption required to deliver 1 cubic meter of water to the customer far exceeds the electricity consumption required to deliver the same amount of water for customers in lower elevation zones. The metering programme is also focused on customers with unusually high consumption.

Connection of new customers

This programme entails connecting new customers to GGU's water and wastewater infrastructures, primarily in suburban areas outside of Tbilisi as well as within several large developments within Tbilisi's new administrative boundaries. The cost of connecting new customers is passed on to such customers with any difference between the actual costs (within industry standards) and received revenue accounted for in subsequent tariff periods.

Market Landscape

The Georgian water sector includes GGU, the United Water Supply Company of Georgia ("**UWSCG**") and other service providers, which had a market share of 55.6%, 30.8% and 13.6% based on the number of customers in 2023, respectively. UWSCG was formed in 2009-2010 following an institutional reform in the water sector, consolidating 66 water companies across ten regions in Georgia. Other service providers include Batumi Water LLC ("**BW**"), Kobuleti Water LLC ("**KW**") and the Adjara Autonomous Republic local government.

Each region in Georgia has a single operator represented by one of the licence holders, as depicted in the chart below:

Renewable Energy

GGU operates four HPPs with a total installed capacity of 149 MW which are used primarily to power its water distribution network in Tbilisi.

The following table sets forth certain data regarding the renewable energy business for the three months ended 31 March 2024 and 2023 and the years ended 31 December 2023, 2022 and 2021:

	Three Months Ended 31 March		Year Ended 31 December		
	2024	2023	2023	2022	2021
Net generation (*millions of KWh*)	98.8	75.2	405.1	341.7	332.4
Self-produced consumption for water supply and sanitation business (*millions of KWh*)	39.2	40.2	168.8	178.1	180.3
Sales to third parties (*millions of KWh*)	59.6	35.0	236.3	163.6	152.2
Sales to third parties (*GEL millions*)	8.8	4.8	28.7	23.9	26.7
Average sales tariff (*GEL per KWh*)	14.8	13.9	12.2	13.8	13.9

Power Plants

GGU's portfolio of renewable energy assets includes four HPPs. The details of these plants are set forth in the table below:

	Type of plant	Commissioning date	Installed capacity	2023 Generation	Annual generation (P50)	PPA price (U.S.$ c per KWh)	PPA coverage	PPA expiration year	Annual gross generation covered by PPA
Zhinvali	Hydro (dam)	1985	130.0 MW	374.7 GWh	382 GWh	n.a.	n.a.	n.a.	n.a.
Tetrikhevi	Hydro (built on water supply network)	1955	12.4 MW	2.8 GWh	4 GWh	n.a.	n.a.	n.a.	n.a.

Saguramo.....	Hydro (built on water supply network)	2016	4.2 MW	18.9 GWh	28 GWh	n.a.	n.a.	n.a.	n.a.
Bodorna	Hydro (built on water supply network)	2018	2.5 MW	8.7 GWh	13 GWh	U.S.$ c 6.0	September–April	2028	49%
Total............			**149.1 MW**	**405.1 GWh**	**427 GWh**				**2%**

ESCO is the counterparty for the Bodorna PPA referred to in the table above. ESCO is the state-owned market operator that is responsible for balancing electricity and guaranteed capacity trading and is a counterparty for all power plants with PPAs. See "*Regulation—ESCO*" below for further details.

Zhinvali HPP. The Zhinvali HPP was commissioned in 1986 and has an installed capacity of 130 MW and water storage capacity of approximately 400 million cubic metres in its reservoir. It is the second largest hydropower station constructed on a dam in Georgia. It is the only HPP supplying the water supply and sanitation business. The outflow cap is 65 m^3/second and it has four turbines. The maximum and minimum reservoir levels are 810 metres and 765 metres, respectively. From the minimum to the maximum, there is 38% increase in efficiency. In 2023, 45% of net electricity generated by the Zhinvali HPP was used for internal consumption by GGU's water supply and sanitation services business.

In June 2017, the Law of Georgia on Electricity and Natural Gas was amended, deregulating all HPPs constructed prior to August 2008 with an installed capacity below 40 MW and gradually moving large industrial customers from a regulated pricing scheme to market pricing. In 2019, the Law of Georgia on Electricity and Natural Gas was repealed and substituted with the Energy Law. On the basis of the new Energy Law and the EMMC adopted in April 2020, all electricity producers can sell electricity on the open market and through bilateral contracts with direct offtakers, unless such electricity producers are subject to pricing regulations in the form of a public service obligation imposed upon them by the Government. The public service obligation is a temporary measure that the Government can impose on various energy undertakings (including power producers) only after proper consultations with the competent state authorities, GNERC and the Energy Community Secretariat.The public service obligation is based on the general economic interest and is imposed upon energy producers to provide safe and sustainable supply of electricity, including in terms of quality and price, as well as to protect the environment. In the power generation sector, the Government currently applies the public service obligation to certain thermal power plants and those HPPs that were built before August 2008 and have project capacity above 75 MW. However, pursuant to the EMMC it is intended that all electricity producers with installed capacity below 120 MW will gradually be relieved of public service obligations and regulated tariffs will no longer apply to them. As of June 2024, all HPPs with capacities of up to 75 MW have already been released from public service obligations, and by January 2027, the release will extend to HPPs with project capacities of up to 120 MW.

The energy tariffs set by Zhinvali HPP are currently subject to pricing thresholds set by GNERC by virtue of the Government having designated GWP as a public service power producer. The public service obligations imposed in relation to Zhinvali HPP require GWP to ensure that it generates and utilises electricity generated through Zhinvali HPP to satisfy consumption needs of its own water supply and sanitation business. As a result, the Zhinvali HPP charges GWP the regulated tariff for its internal consumption, the cost of which is then included in "allowed revenue" under the methodology described under "*—Water Supply and Sanitation—Sales and Tariffs*" and is reimbursed through the water tariff. Any excess electricity generated by the Zhinvali HPP above its public service obligations is permitted to be sold on the free market above the threshold prices set by GNERC, subject to two conditions. The first condition is that GWP shall continue utilising the power produced through Zhinvali HPP primarily to satisfy the consumption needs of its water supply and sanitation business until the end of 2030, even if GWP is released from the public service obligation before the end of 2030. The second condition, fully satisfied as of the date of these Listing Particulars, is that 50%, 30% and 10% of the excess revenue generated from the sale of electricity above the threshold prices be excluded from the water tariff calculations for the years 2021, 2022 and 2023, respectively. From 21 November 2023, the public service obligation of the Zhinvali HPP was restricted solely to the volume required for GWP's water services within the boundaries of the Tbilisi municipality.

Tetrikhevi HPP. The Tetrikhevi HPP is a small run-of-the-river plant that sources water from the Sioni water reservoir. The installed capacity of the plant is 12.4 MW and it has two turbines.

Saguramo HPP. The Saguramo HPP was commissioned in September 2016 and is built on GGU's existing tunnel infrastructure in the Mtskheta Region. The plant also receives water from the Zhinvali water reservoir via the Bodorna-Ghrmaghele water supply tunnel. The Saguramo HPP's installed capacity is 4.2 MW and it has two turbines.

Bodorna HPP. The Bodorna HPP is a dam-fed plant that was commissioned in 2018. The Bodorna HPP sources water from the Bodorna Reservoir and its installed capacity is 2.5 MW. It has one turbine. For the first ten years after the commencement of power generation, the Bodorna HPP will sell electricity at market prices during the period from May to August and pursuant to the Bodorna PPA at U.S.$ c 6.0 per KWh during the period from September to April (inclusive).

Regulation

Regulators

GNERC is an independent regulatory body and is not subject to direct supervision from any state authority. GNERC's independence is guaranteed by a legally mandated, self-sufficient revenue stream, funded by regulatory fees paid by all energy market participants, which are currently calculated based on a 0.003 coefficient multiplied by total revenue of each regulatory entity. The independence and transparency of the regulator is a fundamental requirement for synchronisation with the EU energy market and is in line with best practices of energy market regulation.

GNERC has the authority to issue licences for the companies of electricity, natural gas and water supply sectors and to supervise such licensees. GNERC regulates, monitors and controls sales tariffs, service quality, coverage areas and key performance indicators of market participants. GNERC's main goal is to maintain a balance between service provider companies and customers in order to maintain the financial sustainability of regulated companies, and at the same time ensure that products and services are affordable to customers. The key regulatory objectives of GNERC include increased transparency and trust among regulated companies and customers, harmonisation of Georgian laws and regulations with EU norms, the enforcement of key performance indicators to measure service quality and the development of new regulations, including in relation to alignment with EU standards.

Other regulatory bodies that oversee different aspects of GGU's operations include the MRDI, the MEPA, the MoESD and the NFA. MEPA oversees environmental safety and sustainability aspects of GGU's business, as well as licence related aspects of the recovery of underground water. MoESD deals with policy related issues of the energy sector. MRDI and the Tbilisi Municipality are responsible for channelling the funds and planning infrastructure development. The NFA is authorised to ensure standards of drinking water quality.

The National Agency of Mineral Resources issues licences for GGU groundwater extraction and GGU reports annually to it the quantitative data of water extraction.

Price control

In August 2017, GNERC adopted a new tariff methodology applicable to regulated utilities. The methodology is a hybrid incentive-based and cost-plus tariff calculation model. This model is aimed at allowing for a fair return on invested capital and operating expenses utility companies must incur for their continued operations. Under the model, GGU multiplies a WACC by the net book value of its RAB, essentially comprising the net book value of its existing assets plus capital expenditure it has made. This yields the return on assets, to which depreciation and operating expenses are added in order to reach allowed revenue (taking into account any corrections from the previous regulatory period). All calculations are in accordance with GNERC's tariff methodology, which differs from the presentation in GGU's IFRS financial statements. The methodology introduced in August 2017 defines a three-year regulatory period. The first regulatory period for which this methodology applied ran from 1 January 2018 to 31 December 2020, followed by the most recently ended period, which ran from 1 January 2021 to 31 December 2023. The third regulatory period runs from 1 January 2024 to 31 December 2026. The WACC specified for the first three-year regulatory period was 15.99%. The WACC applicable for the second three-year regulatory period was 14.98% and the WACC applicable for the current 2024-2026 regulatory period is 15.45%. GGU is required to submit a new tariff application no later than 4 July of the year immediately preceding the next tariff period. Together with the tariff application, GGU is required to submit its most recent audited financials. GNERC is authorised to request any additional information it requires and the tariff is set through public proceedings, based on the same methodology as applied previously. The final deadline for the completion of the tariff-setting process is established by GNERC itself. However, it must be finalised prior to the start of the new regulatory period.

After approving this methodology, GNERC developed supplementary regulations setting forth rules and procedures for all components included in tariffs. In 2020, it introduced regulatory audit rules that set forth step-by-step procedures for tariff calculations, including guidance regarding eligible and ineligible operating expenses for purposes of the above calculation. It also introduced investment valuation rules which set out investment plan approval procedures and appraisal processes and set rules for eligibility of investments for tariff purposes. Finally, its service quality rules set minimum standards for service quality that utility companies must provide. See "—*Service Quality Rules*" below. The tariff methodology and supplementary regulations adopted by GNERC have increased clarity and transparency regarding tariff setting and returns on investment.

ESCO

The Government historically effectively provided incentives to investments in the energy sector via PPAs that the state-owned market operator, ESCO, granted to new HPP operators. These PPAs typically entailed a fixed contract for a specified period for the purchase of electricity during eight months in autumn, winter and early spring from newly constructed HPPs for a fixed price. This policy provided a stable and predictable cash flow for new projects (the prices set by PPAs mostly varied between U.S.$ c 5.0 to U.S.$ c 6.5 per KWh).

Based on the Legacy Electricity (Capacity) Market Rules (the "**Legacy Market Rules**"), ESCO currently operates as a wholesale electricity market operator. It is responsible for the organization of the wholesale market and functions include purchase and sale of balancing electricity (capacity) (including medium- and long-term agreements for imports and exports), trading with electricity generated by guaranteed source of capacity, maintaining registry of wholesale market participants and operating a unified database on the wholesale trade (including unified metering register). ESCO has exclusive rights to execute import and export agreements in emergency situations.

Moreover, ESCO defines volumes of balancing electricity, settles with eligible parties for balancing electricity purchased or sold in a given month and sets the balancing electricity price for each month. This balancing electricity price is regarded as the benchmark price on the free market, and trading on the free market often takes place at a specified discount to ESCO's balancing price, usually within the range of 3% to 10%.

Upon transition to the new market model, ESCO's roles and functions will change significantly and it will operate as a wholesale public service organization ("**WPSO**"). According to the EMMC, from 1 July 2025, ESCO will operate as a WPSO and its functions will include, inter alia:

- purchases of electricity under the PPAs and its subsequent sale on organised wholesale markets;
- financial settlement with renewable energy and other generation companies participating in the relevant Government support scheme;
- entering into CFDs with power generation companies having public service obligations (i.e., power producers on which the Government has imposed a public service obligation and which are subject to tariff regulation by GNERC) and financial settlement of the difference between the organised wholesale market price and the tariff approved by GNERC for the respective power generation company; and
- purchases of electricity consumed by the breakaway territory within Georgian borders (Autonomous Republic of Abkhazia) on the organised market and carrying the balancing responsibility for related imbalances.

On 30 December 2022, the Government approved general rules for the WPSO as Annex 2 of the EMMC. According to the WPSO rules (set to become effective from 1 July 2025), the WPSO will manage a special fund for the efficient implementation of its WPSO obligations. The WPSO's special fund will be financed through revenues received by ESCO from the performance of its public service obligations (including inflows from CFDs with regulated power producers and universal service providers, and from sale of electricity under PPAs in the wholesale market). These inflows will be used by ESCO to finance the outflows related to performance of its WPSO obligations (including outflows deriving from the CFD contracts with regulated power producers and universal service providers, purchase of electricity under the PPAs and the costs of purchase of electricity for Abkhazia consumption).

The concept paper also sets additional preconditions for public service obligations, which can be imposed on, among others, generation licence holders. Such obligations should be temporary in nature and can be imposed only after proper consultations with the Government, GNERC, the Energy Community Secretariat and other competent bodies. In case of generation licence holders, a public service obligation can be imposed in the form of a contract for differences (where tariffs are set by GNERC) in accordance with which (a) in case of a positive difference, the generation unit pays the wholesale public service organisation; and (b) in the case of negative difference, the wholesale public service organisation pays the generation unit.

ESCO continues to operate in its current form until 1 July 2025 and registers wholesale market participants, conducts balance electricity and guaranteed capacity trading, as well as other functions currently provided under the law. After 1 July 2025, ESCO will become a WPSO and most importantly, will ensure compliance with PPAs and CFDs, including those executed prior to the enactment of the new Energy Law.

Normative losses

GNERC defines "normative loss" as the permissible loss of potable water, as the case may be. Losses are calculated in accordance with specially prescribed rules. Normative losses are determined for each utility company separately. A new methodology for calculating normative losses of potable water was adopted by GNERC in December 2017. This methodology distinguishes between production losses, technical losses and losses caused as a result of excessive consumption. When calculating normative losses, the aim is for utility companies to be compensated for any loss suffered. The distinction between types of losses and the relative weighting in compensation levels is intended to trigger incentive mechanisms available for utility companies to reduce amount of non-revenue generating water in the network.

Service Quality Rules

In June 2021, GNERC adopted service quality rules which introduced service quality standards that are applicable to all utility companies. These rules replaced the revised service quality rules adopted by GNERC in December 2018 which were effective from 1 July 2019. In 2022, these rules were further amended but no significant changes were made. The rules are intended to improve overall service quality among utility companies and include standards in relation to the response time for customer complaints, new customer registration requests and phone calls. The rules also require that subscribers are informed about planned supply interruptions through "out of service" notifications via email and/or text (SMS) messages. The rules contain a clear framework for handling unplanned service interruptions and new customer connections. Planned interruptions in the case of simple maintenance works shall not exceed six hours. For complex maintenance works, the permissible duration of interruption of water supply services is dependent on the number of impacted subscribers and may last from 12 to 48 hours. Information on all interruptions shall be kept in physical and/or in electronic form for the duration of three years thereafter.

Service standards are divided into two types: (i) general standards; and (ii) guaranteed standards. General standards are annual targets and relate to the service of customers as a whole. These standards include requirements related to informing customers of service interruptions, restoring supply to customers whose service is disrupted and the time permitted for answering calls. In relation to breaches of the general standards, each 1% increase/decrease in set milestones shall cause an increase/decrease in the regulatory cost base of 0.01% for the purposes of calculation of the applicable tariff provided that the cumulative change may not exceed 1%.

Guaranteed standards apply to the service of specific customers. These standards relate to restoring water supply to customers that were disconnected due to non-payment for services, providing responses to customer applications and/or complaints, inspecting meters at the request of customers, registering and connecting new customers and inspecting the technical quality of supply at the request of a customer. In relation to breaches of the guaranteed standards, the service provider is required to pay compensation to the affected customers for each breach in the amount and on terms defined in the service quality rules.

The rules also introduced SAIFI and the methodology for its calculation. Average SAIFI indicators and related financial incentives and sanctions were also established, and the aggregate amount of incentives or sanctions shall not exceed 1% of the RCB.

In addition, the commercial service quality rules provide for an electronic journal, which is a CRM software tool that must be installed and maintained by all utility companies providing services to customers. All applications (whether in electronic or in written form) of customers and actions taken by service providers must be immediately uploaded to the electronic journal. This requirement has been in force since 1 July 2017.

Harmonisation with EU Law

The European Union liberalised its electricity market by introducing Directive 96/92/EC on the common rules for the internal electricity market in the 1990s, Directive 2003/54/EC enabling suppliers to enter EU member countries, and Directive 2009/72/EC, commonly known as the 3rd Energy Package, which established common rules for the generation, transmission, distribution and supply of electricity in the European Union. The 3rd Energy Package directive includes the following rules:

- All customers should have access to electricity regardless of the supplier's member state, as long as the supplier follows applicable trading and balancing rules;
- Customers must be able to switch suppliers;
- Electricity projects should strive to be energy-efficient by providing energy management services, developing innovative pricing mechanisms, and introducing intelligent metering systems and smart grids;
- A single point of contact shall provide consumers with all of the necessary information regarding their rights, current legislation, and dispute settlement means available to them in the event of a dispute with their electricity supplier;
- The energy ombudsman or a similar consumer body should be established to ensure the efficient treatment of complaints and out-of-court settlements.

On 27 June 2014, Georgia signed the EU Association Agreement and established the DCFTA (effective since 1 September 2014) with the European Union. As part of this process, Georgia has introduced reforms in the water supply and sanitation services and electricity markets to bring them in line with the 3rd Energy Package. On 14 October 2016, Georgia signed the Protocol on the Accession of Georgia to the Energy Community Treaty which took effect on 21 April 2017.

The Protocol of the Accession of Georgia to the Energy Community Treaty and the EU Association Agreement provide for harmonisation of the Georgian legislation with EU requirements, aiming to establish a competitive market in the energy sector. See also "*Risk-Factors—Macroeconomic and Political Risks Related to Georgia—There may be challenges associated with legislative harmonisation of the Georgian regulatory environment with the European Union driven by the DCFTA*" and "*Risk-Factors—Macroeconomic and Political Risks Related to Georgia—GGU is subject to risks associated with political, financial and economic instability in Georgia and the wider region*". Under the EU Association Agreement and the Accession Protocol, Georgia has agreed to implement the following directives and regulations in the electricity sector:

- EU Directive 2009/72/EC, which defines transmission systems operators ("**TSOs**") as grid owners and proposes an unbundling of that ownership by separating the assets of the TSOs or transforming them into independent systems operators ("**ISOs**"), if it is part of a vertically integrated structure. Under that directive, Georgia was required to include a public service obligation to customers to ensure a regular supply of electricity and to nominate a "supplier of last resort";
- Regulation 714/2009 on the conditions for access to the network for cross-border exchanges of electricity between Georgia and EU member states, which is possible with the involvement of Turkey as an intermediary trading partner;
- Directive 2005/89/EC, which obligates states to safeguard the security of continuous electricity supply and infrastructure investment, take measures to facilitate a stable investment climate, ensure sufficient transmission and generation reserve capacity and establish liquid wholesale markets and opportunities for cross-border cooperation in relation to the security of electricity supply, among other requirements;
- Directive 2009/28/EC, which obliges member states to open their power grids to energy from renewable sources, including via priority grid access (priority dispatch);

- Directive 2012/27/EU on energy efficiency and Directive 2010/31/EU on the energy performance of buildings, which are aimed at improving energy efficiency; and
- Directive 2008/92/EC, which seeks to improve the transparency of gas and electricity prices and the terms of sale to industrial end-users.

As part of the above harmonisation efforts, the legal framework governing Georgia's energy sector has undergone significant changes as part of the reform process. The primary legislative act governing the Georgian energy market is the Energy Law.

The Energy Law was adopted by the Parliament of Georgia on 20 December 2019, which repealed and replaced the Law of Georgia on Electricity and Natural Gas adopted in June 1997. The Energy Law lays down the foundation to reform energy sector in Georgia in line with the Energy Community Treaty and European energy legislation and seeks to establish a legal framework for the generation, supply, dispatch, distribution, and trade of electricity and water supply. The changes introduced by the new Energy Law contains, among others, the following provisions:

- ensuring supplier switching and a supplier of last resort (nominated by the Government);
- unbundling of TSOs and distribution system operators in electricity and natural gas sectors;
- introducing the goals of increased energy efficiency and decreased carbon emissions based on Georgia's environmental, economic, and social security policy;
- integration of smart technologies into the electricity market;
- promotion of renewable energy;
- supporting cross-border electricity trade to increase competition and diversification;
- deregulating electricity prices;
- implementing measures related to the security and reliability of electricity supply;
- protecting consumer rights and increasing affordability of electricity;
- introducing a public service obligation for distribution companies; and
- abolishing cross subsidies among vertically integrated companies.

The Energy Law maintained and upheld electricity generation licences issued prior to its enactment.

The changes in relation to deregulation, unbundling, and supplier switching will support the establishment of market-based electricity supply prices. However, prices for electricity generated by plants under Government-imposed public service obligations will continue to be regulated by GNERC until these plants are released from their public service obligations. Pursuant to the new Energy Law, public service obligations are a temporary measure and can be imposed by the Government upon various energy undertakings (including power producers and power suppliers) only after proper consultations with the Government, GNERC, the Energy Community Secretariat and other competent bodies.

For the past several years, the electricity market in Georgia has been in a state of active development and reforms influenced by the Georgia's Energy Community membership. One of the main goals of the reform is the transformation of the electricity market towards a fully competitive and liberalised market model.

As part of the ongoing reform, a number of new laws and regulations (or amendments to the existing laws and regulations) have been adopted which define the structure of a new market model, including players of the new market and their respective roles and responsibilities. As a result of the reform, the structure of the Georgian electricity market, including its composition, key players and their roles and responsibilities, will change through transition into a new electricity market model.

The main legal documents which define general structure and principles of organisation and functioning of the new electricity market is the EMMC approved by Government in April 2020 and the New Market Rules adopted by GNERC in August 2020. The EMMC and the New Market Rules define the following segments of the wholesale market: the day ahead market ("**DAM**"); the intraday market ("**IDM**"); the market for bilateral agreements and the balancing and ancillary services market. The retail market is defined as a market where suppliers sell electricity to end-user customers. The participants in the wholesale market are: market operators, the transmission system operator, distribution system operators, electricity generation companies, traders, suppliers, large customers, and WPSO.

The balancing and ancillary services market is different from the other organised markets (such as the DAM and IDM) in that it reflects actions to be taken by the power transmission system operator ("**TSO**") to keep the electricity system balanced and secure. The balancing market consists of three main phases, namely: balance planning, balancing service provision and imbalance settlement. It concerns three main actors: the TSO, balancing service providers, and balancing responsible parties. In the balance planning phase, the balancing responsible parties submit their hourly nominations (planned energy generation and consumption schedules) to the TSO on the day before the delivery. In the balancing service provisions phase, the TSO procures through tenders balancing products from qualified balancing service providers ("**BSPs**") in order to secure the system balance. In the imbalance settlement phase, energy imbalances (schedule deviations) of BRPs are settled. The difference between scheduled transactions and actual (metered) behavior is the BRP's imbalance subject to imbalance settlement.

One of the key novelties of the electricity market reform is transition to the so-called "self-dispatch" principle and introduction of the balancing responsibility. The "self-dispatch" principle will oblige each power network user to generate and consume electricity according to its declared plans, with deviations resulting in imbalance costs or gains. Specifically, pursuant to the New Market Rules, in order to be allowed to trade in any of the segments of the new wholesale market (e.g. bilateral contracts market and/or intra-day and day-ahead market), a market participant must be part of a "balancing group" steered by a "balancing responsible party" ("**BRP**") registered with the TSO. BRPs will submit their nominations (planned energy generation and consumption schedules) to the TSO on the day before delivery. Each BRP will be financially responsible for keeping the balance between all power supplies and withdrawals within its balancing group and deviations from the submitted nominations will be subject to imbalance settlement with the TSO in accordance with the principles outlined in the New Market Rules.

The launch of the day-ahead, intraday, balancing and ancillary services electricity markets has been delayed several times. As a result of the latest postponements, the transition to the new market model, previously scheduled for 1 July 2024, has commenced gradually from that date. Specifically, the launch of balancing responsibility and the opening of the balancing and ancillary services market have been postponed until 1 July 2025. The DAM and IDM have commenced gradual opening from July 2024 and will phase in in full from July 2025. During this transition period, the wholesale market will adhere to the old model as per the Legacy Market Rules until July 2025. However, starting from July 2024, the day-ahead and intraday markets have been operating simultaneously, albeit without a balancing responsibility component. Participation in trading on these markets will be voluntary, even for those market participants compelled to purchase electricity solely through these channels under the EMMC.

Law on Renewable Energy Sources

On 20 December 2019, the Georgian Parliament adopted the Law of Georgia on Promotion of the Production and Use of Energy from Renewable Sources establishing a legal framework for the promotion, facilitation and utilisation of energy from renewable sources. Renewable energy is energy derived from renewable non-fossil sources, including wind, solar, hydropower, biomass, aerothermal, geothermal, hydrothermal and ocean energy, gas derived from the decomposition of organic material in landfills, wastewater treatment plants and biogas.

The Law of Georgia on Promotion of the Production and Use of Energy from Renewable Sources sets national targets for the overall share of energy from renewable energy sources in total energy consumption. According to the law, by 2030 Georgia should increase its share of renewable energy in total energy consumption from 29.5% (the share of renewables in 2019) to 35%. At the same time, by 2030 the share of energy generated from renewable sources for all transport vehicles shall be at least 10% of all energy consumed by transport vehicles in Georgia. Total energy consumption in addition to electricity consumption includes consumption of natural gas, petroleum products (gasoline, diesel), coal and biofuels. In order to achieve the target, the Government must develop a national 10-year action plan detailing activities, deadlines, responsible persons, budget and sources of funding.

The Law of Georgia on Promotion of the Production and Use of Energy from Renewable Sources allows for the introduction of incentive mechanisms. Incentives can be implemented in a variety of ways, including: tax reliefs, direct price support schemes, fixed and variable premium payments, including feed-in tariffs, contract for differences, green certificates, auctions, etc.

On 9 February 2023, the Government introduced CFDs, which are a renewable energy support mechanism based on competition and market principles. Unlike PPAs, where investors have a direct contract with the Government, the CFD model does not involve direct negotiations between the Government and investors. Instead, companies submit their prices through an auction and those with the most competitive prices secure financing for their facilities. In contrast to PPAs, where ESCO purchases electricity at a fixed price, the CFD mechanism involves reimbursement of the difference between the market price and the contract price. If the CFD tariff exceeds the market tariff, the WPSO pays the difference to the power plant and if the market tariff is higher than the CFD tariff, the power plant pays the difference to the WPSO.

Pursuant to the CFD mechanism, the Government commits to purchase electricity at a guaranteed winning auction price for a period of 15 years, thereby promoting the development of local generation of renewable energy. The first auction under the new CFD mechanism was announced on 23 March 2023 and concluded on 28 May 2023. Through this auction, the MoESD invited investors to express their interest in building capacity for 300 MW of renewable energy sources. The MoESD received 78 applications, totalling over 900 MW, which included 15 run of the river HPPs with a weighted average price U.S.$ c 6.85 per kWh, 10 wind power plants with a weighted average price of U.S.$ c 6.83 per kWh and two solar power plants with a weighted average price of U.S.$ c 6.37 per kWh.

Selected projects will be insured by the Government with a price guarantee, which will ultimately create opportunities to invest over U.S.$ 2 billion in the energy sector.

The second auction was announced on 30 December 2023 and finalised in March 2024, for a total installed capacity of 800 MW. In the second auction, the HPP category was separated into regulated and unregulated segments to address the lack of regulated capacity applications in the first auction.

Environmental Regulation

In June 2017, the Georgian Parliament adopted the Environmental Impact Assessment Code (the "**EIA Code**") which repealed and replaced the Law of Georgia on Environmental Impact Permit. The EIA Code, which entered into force on 1 January 2018, introduced rules and requirements for screening, environmental decision and approval of strategic documents. Various procedures may be applicable to the economic activity in question depending on the gravity of its impact on the environment. Although water supply services of GGU are not subject to the EIA Code, other services of GGU fall under the regulations of the EIA Code. In particular, construction and exploitation of HPPs with an installed capacity exceeding 5 MW are subject to the obligation of obtaining an environmental decision (which includes preparing, public discussions and approval of scoping and subsequent full scale environmental impact assessment reports). An obligation to undergo an environmental impact assessment and to obtain an environmental decision in respect of HPPs with an installed capacity of between 2 MW and 5 MW is determined by a screening procedure. HPPs with an installed capacity of less than 2 MW are not subject to environmental impact assessment.

Environmental impact permits issued under the old law prior to 1 January 2018 remained valid until 1 January 2021. Companies that obtained environmental permits prior to 1 January 2018 were obliged to apply for environmental decisions by 1 January 2021. However, the law also contains a simplified procedure for issuing an environmental decision for projects already holding environmental impact permits. If the project details remain the same, an environmental decision can be issued through a simple administrative procedure ensuring that the new authorisation is based on the previously issued permits. An environmental decision is a detailed and individually tailored document outlining rules, procedures and mechanisms for mitigating the potential negative impact of each particular project. In 2020, all environmental impact permits held by GGU were successfully renewed and replaced by environmental decisions in accordance with applicable law.

In addition, the EIA Code introduced the concept of a strategic document. This is a governance tool for the authorised body to set milestones and strategic directions in areas having nationwide impact (e.g., water resource management, waste management, transport). The procedures included in the Code ensure wide participation of interested parties, as well as various layers of governance.

New Water Regulations

In June 2023, the Georgian Parliament adopted the new Law on Water Resources Management ("**LWRM**"). The LWRM is scheduled to come into force in 2026, with several of its provisions being gradually enacted up until 2030. The adoption of LWRM was one of the most fundamental reforms carried out by the Government with regard to Georgia's water resources.

With the goal of achieving harmonisation with EU standards, the LWRM aims to protect water resources and improve the conditions of relevant facilities, provide the population with uninterrupted access to drinking water, ensure the fair allocation of water resources among consumers of various classes, and most importantly, introduces collective management of river-basins, with Georgia being divided into seven river-basins for appropriate management.

Another important facet of the LWRM is the introduction of a usage permit system for surface water resources, whereby three types of usage permits will be introduced – water usage from a surface water object, a permit for the discharge of water, and a combined permit for surface water resources.

Utilisation of more than 25 cubic metres of water during a 24-hour period will require a special permit, and specific fees will be introduced. Such fees shall not apply to the supply of drinking water, while the supply of water for any other purpose will be subject to specific fees yet to be set by the Government. Notably, permits issued prior to the enactment of the LWRM will remain in force.

Employees

As at 31 March 2024, GGU had 3,048 employees on a full-time equivalent basis, including 2,953 employees at its water supply and sanitation services business and 95 employees at its renewable energy business. The following table sets forth a breakdown of employees as at 31 March 2024 and as at 31 December 2023, 2022 and 2021:

	As at 31 March	Year ended 31 December		
	2024	2023	2022	2021
Water supply and sanitation business	2,953	3,002	2,604	2,602
Renewable energy business	95	98	96	98
Total	**3,048**	**3,100**	**2,700**	**2,700**

Health, Safety and Environmental Matters

On 1 December 2022, the Environmental and Social Service department of GGU was re-modelled into a department of Integrated Management System. The profile and functions of the department were defined by GGU's HR department broadly according to the template model of Aqualia and tailored to the business of GWP.

Accordingly, GGU follows environment and safety procedures established by Aqualia (including the identification and management of environmental risks; onsite environmental control; the management of non-hazardous and hazardous waste; emergency planning; occupational risk assessment; and the representation, consultation and participation of workers). In addition, GGU has established country-specific procedures which are developed in accordance with the legislation of Georgia (including a waste management procedure; an environmental emergency plan; an environmental and social monitoring plan; an environmental risk probability matrix; an environmental risk management sheet; a health surveillance procedure; and a contractor monitoring procedure).

In 2023, GWP was certified by AENOR - The Spanish Association for Standardisation and Certification under three standards: ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. An Integrated Management System ("**IMS**") under ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 is established across all areas of GWP. GWP's IMS includes the ability to plan processes and their interactions by employing the Plan-Do-Check-Act cycle and risk-based thinking in its daily operations. The implementation of risk-based thinking is an essential tool for achieving and maintaining an effective IMS. GGU effectively plans and implements various actions to address risks and opportunities to maximise the outcomes including achieving improved results and preventing negative effects of products and services of GGU.

Health and safety objectives are clearly defined with goals and tailored to the overall strategy and values of the company, with measuring and reporting process to reduce the risk of mismatched expectations, reputational damage or legal disputes.

Health and safety management is implemented in accordance with the ISO 45001:2108 standard established in 2023. GGU's health and safety management plan is closely followed to safeguard the health and safety of the personnel and is part of GGU's Environmental and Social Management Plan covering occupational health and safety issues in compliance with the IFC General EHS Guidelines (Section 2 "Occupational Health and Safety" and Subsection 4.2) and the IFC PS2 "Labor and Working Conditions". The community health and safety plan is included separately in GGU's ESMP Package in compliance with the IFC PS 4 "Community Health, Safety, and Security".

All accidents and near misses are recorded, investigated, analysed and discussed with staff to prevent any recurrence. Any type of work is stopped if it is considered to be unsafe and each employee has the right to stop unsafe activities.

Health and safety training has been identified as a key element to achieving a "step change" in health and safety performance and accordingly a training centre has been established where qualified trainers deliver a training programme based on the work scope and training topics selected to cover all existing activities.

Fieldworks and facility inspections are carried out regularly. Inspections include audits of the facilities in accordance with applicable health and safety standards, and working activities evaluated in accordance with health and safety procedures, with employees being trained on the requirements as part of their initial and ongoing training.

Information Technology

GGU relies on its IT systems in relation to its customer billing and CRM functions. Its IT systems include two fully-featured data centres with uninterruptible power sources; environmental controls; physical security systems; maintained software and hardware designed to support business-critical applications and provide services such as data storage; an enterprise resources planning ("**ERP**") system by Microsoft Dynamics AX with more than 30 modules; and multi-function portable system for information gathering, such as water metering, rehabilitation control and other functions. Nearly all of these systems are connected to the central ERP system. All business-critical systems are backed up with clustering services to ensure minimal to no connectivity loss. All communication channels are doubled and encrypted in accordance with recognised standards. Also, GGU uses multiple layer next generation firewalls ("**NGFWs**") for access control and deep network visibility to prevent cyber-attacks. It uses security features such as application control, web filtering, deep Secure Sockets Layer inspection, antivirus and sandbox. NGFWs prevent and detect against known attacks using continuous threat intelligence from artificial intelligence-powered security services. Client computers are protected by third party antivirus software with advanced threat protection to ensure security across all layers.

GGU is implementing a data loss prevention system to monitor and control the movement of sensitive data. All communication traffic is controlled to prevent data leaks and optimise operating costs.

Insurance

GGU's water supply and sanitation and renewable energy businesses maintain comprehensive insurance coverage in respect of their businesses, properties, liabilities and health/safety of employees. This coverage is maintained in such amounts and with deductibles that are commensurate with local best practice and industry standards.

GGU's insurance coverage includes, but is not limited to, Property All Risk, Electronic Equipment, Comprehensive Machinery (CM), Property All Risk and Business Interruption and Machinery Breakdown and Machinery Breakdown Loss of Profit, Political Violence (including terrorism), CASCO, Plant and Machinery, Contractor's All Risk, Comprehensive General Liability, Employer's Liability, Employees Health and Personal Accident, Directors and Officers Liability insurance policies.

Litigation and Other Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GGU is aware), during the 12 months preceding the date of these Listing Particulars which may have, or have had in the recent past, significant effects on GGU and/or GGU's financial position or profitability.

INFORMATION IN RESPECT OF THE GUARANTOR

The Guarantor is a direct wholly owned subsidiary of the Issuer.

GWP

GWP was incorporated as a limited liability company under the laws of Georgia on 25 June 1997. Its registered address is 10 Medea (Mzia) Jugheli Street, Tbilisi 0179, Georgia. GWP is registered with the NAPR under identification number 203826002.

GWP is the principal subsidiary of the water supply and sanitation business, serving Tbilisi and the surrounding area, including the cities of Rustavi, Mtskheta and Gardabani. All risk factors presented in the Listing Particulars in relation to the water supply and sanitation business primarily relate to GWP. There are no encumbrances on the assets of GWP that could materially affect its ability to meet its obligations under the Guarantee.

Supplemental Information Regarding the Guarantor

As of the Issue Date, only GWP will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganisation of any of the Non-Guarantor Subsidiaries, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to their parent entity.

Historical Financial Information

The Financial Statements include financial information for the Issuer, the Guarantor and Non-Guarantor Subsidiaries.

The following table sets forth EBITDA and net assets of the Issuer, the Guarantor and the Non-Guarantor Subsidiaries as at and for the three months ended 31 March 2024 and the year ended 31 December 2023.

The measures in the table below are computed by reference to the Financial Statements.

	As at and for the three months ended 31 March 2024				**As at and for the year ended 31 December 2023**			
	EBITDA		**Net assets**		**EBITDA**		**Net assets**	
	(GEL thousands)	*(%)*	*(GEL thousands)*	*(%)*	*(GEL thousands)*	*(%)*	*(GEL thousands)*	*(%)*
Issuer	(8,343)	(20)%	3,806	1%	(1,400)	(1)%	4,784	2%
GWP	50,464	120%	271,831	88%	132,958	104%	243,784	84%
Total Issuer and Guarantor.....	**42,121**	**100%**	**275,637**	**89%**	**131,557**	**103%**	**248,568**	**86%**
Non-Guarantor Subsidiaries ...	10	0%	34,039	11%	(3,875)	(3)%	41,421	14%
Total consolidated..	**42,131**	**100%**	**309,676**	**100%**	**127,682**	**100%**	**289,989**	**100%**

MANAGEMENT AND EMPLOYEES

Overview

Pursuant to the laws of Georgia and the Issuer's charter (the "**Charter**"), the control and management of the Issuer is divided among the general meeting of shareholders (the "**GMS**"), the Supervisory Board and the general director (the "**CEO**"), who is in charge of the day-to-day management and representation of the company.

General Meeting of Shareholders

All shareholders registered on the share register on the record date of the GMS have the right to attend and vote (if applicable) at the meeting.

As of the date of these Listing Particulars, the Issuer is 80% owned by Aqualia Georgia LLC, a subsidiary of Aqualia, and 20% owned by Georgia Capital JSC, which in turn is owned by Georgia Capital PLC, a UK incorporated holding company, listed on the London Stock Exchange. Following the acquisition by Aqualia Georgia LLC of a majority of the Issuer's shares in 2022, the Issuer's Charter was amended to introduce three classes of ordinary shares. As of the date of the Listing Particulars, only the Class A and Class B shares of the Issuer remain outstanding while the Class C shares have been fully reacquired and held by the Issuer in treasury. Georgian law provides that holders of preferred shares are not entitled to voting rights at the GMS, unless the charter or any relevant share issue prospectus allocates voting rights to preferred shareholders. According to the Charter, holders of preferred shares are not entitled to voting rights at the GMS. As of the date of these Listing Particulars, the Issuer has not issued any preferred shares. Shareholders may be represented at the GMS by a proxy.

Under Georgian law, the shareholders agreement dated 2 February 2022 (the "**Shareholders Agreement**") and the Charter, shareholders are authorised to pass resolutions, *inter alia*, on the following issues at a GMS:

- accepting or rejecting proposals of the Supervisory Board or the CEO regarding the utilisation of profits;
- participation in court proceedings against members of the management board and members of the Supervisory Board;
- reorganisation, transformation and/or liquidation of the Issuer;
- any amendments to the Charter or other constitutional documents of the Issuer;
- any change in the capital (including the issue of any convertible shares or similar instruments) of the Issuer;
- any redemption, purchase, reorganisation, consolidation, sub-division, cancellation or conversion of any shares or the change in any of the rights attaching to any shares;
- full or partial cancellation of pre-emptive rights during an increase in share capital;
- the giving by the Issuer of any guarantee or indemnity or the creation of any security/encumbrance over any of the shares or any of its material assets, otherwise than in the ordinary course of business;
- election and dismissal of the members of the Supervisory Board and determination of its members' terms of service;
- approval of reports of the Supervisory Board, management board and the General Director;
- amendments to the accounting standards and/or accounting policies applied by the Issuer;
- appointment or removal of the Issuer's auditors other than where the new auditor is one of the "Big Four" audit firms which has no conflict of interest to act as an auditor of the Issuer;
- disposal of any subsidiary;
- acquisition by the Issuer of any part of the subscribed capital or the business of any other company;
- participation in, or termination of any participation in, any partnership, profit sharing arrangement or joint venture by the Issuer unless necessary in the ordinary course of business;

- making of any compromise or arrangement with the Issuer's creditors, any application for the appointment of a receiver or an administrator over the Issuer's assets or the winding up of the Issuer; and

- other matters provided by law.

The rights of the Issuer's shareholders are contained in the Charter and the Issuer will be managed in accordance with the Charter, the Shareholders Agreement and with the provisions of Georgian law. See "*Business—Organisation*" for the structure chart of GGU.

Supervisory Board

The Supervisory Board shall consist of 5 (five) members, of whom 3 (three) are appointed by Aqualia Georgia LLC and 2 (two) are appointed by Georgia Capital JSC. The members of the Supervisory Board are appointed and dismissed by the GMS. The Supervisory Board members are required to act in the best interests of the Issuer and its business when performing their duties.

The responsibilities of the Supervisory Board, *inter alia*, include

- appointing and dismissing the CEO and controlling his/her activities;

- approving and amending the Issuer's policies and other regulatory documentation;

- inspecting the Issuer's accounts and property, personally or with the help of invited experts;

- requesting reports of the Issuer's activities from the CEO (including information concerning related companies and subsidiaries) and reviewing the information provided by internal audit or external inspections;

- convening extraordinary general meetings, if necessary;

- reviewing annual reports and the proposals on profit distribution;

- approving the annual budget;

- representing the Issuer when entering into a contract with the CEO and/or other members of the management board and based on the decision of the GMS, and on behalf of the Issuer, initiating legal proceedings against the CEO and/or other members of the management board;

- ensuring that the Issuer promptly provides to the shareholders such information as any shareholder from time to time requests with regard to any material developments in or affecting the Issuer, any member of the group, any project or the business;

- ensuring that the Issuer promptly provides copies of any reporting packages agreed upon with lenders to the Issuer, as they are disclosed to such lenders; and

- ensuring that the Issuer promptly notifies the shareholders in writing upon becoming aware of any: (i) litigation, arbitration or administrative proceedings before any authority or arbitral body, investigations or proceedings which have affected or may reasonably be expected to affect the Issuer, any member of the group, project, business; or (ii) any investigations or proceedings by any governmental, quasi-governmental or supra-national authority, including any tax authority against the Issuer, any member of the group and/or, to the extent the Issuer has relevant knowledge, the members of the Supervisory Board or the CEO, and any such notification shall specify the nature of the action or proceeding and any steps that the Issuer and/or the relevant member of the group is taking or proposes to take in response to the same.

The following activities can only be carried out with the prior approval of the Supervisory Board:

- establishment, reorganisation and liquidation of branches and subsidiaries;

- establishment of development strategy for the Issuer, adoption of annual budgets and long-term liabilities;

- appointment and dismissal of trade representatives (procurists);
- issuance and allocation of new shares within authorised capital and allowing the Issuer to trade on a stock market or other security market;
- redemption of shares issued by the Issuer in cases provided for by the law;
- determination of participation in profit and similar relations for the CEO and senior management, issuance of bonuses and other incentives, establishment of principles for their pensions and submission for approval to the GMS;
- transactions outside the ordinary course of business in excess of U.S.$500,000;
- ordinary course of business transactions in excess of U.S.$2,000,000;
- non-arm's length transactions in excess of U.S.$5,000;
- acquisition, sale, exchange, encumbrance or other disposals of property and property rights, if the value of such transaction (whether through a single transaction or a series of related transactions) exceeds U.S.$2,000,000; and
- other activities prescribed by applicable laws.

The current composition of the Supervisory Board was determined by the shareholders on 2 February 2022. The business address of all members of the Supervisory Board is at the registered address of the Issuer. No potential conflict of interest exists between the duties of the members of the Supervisory Board and their private interests or other duties.

Set out below are details regarding the members of the Supervisory Board:

Name	Age	Title	Expiration of Term of Office / Reappointment
Luis Francisco de Lope Alonso	59	Chairman	2 February 2025
José Enrique Bofill Maestre	54	Deputy Chairman	2 February 2025
Isidoro Antonio Marbán Fernández	61	Member	2 February 2025
Avtandil Namicheishvili	50	Member	2 February 2025
Irakli Gilauri	48	Member	2 February 2025

Luis Francisco de Lope Alonso is the Chairman of the Supervisory Board of the Issuer and the managing director of international business at Aqualia. Mr. de Lope Alonso is a highly qualified mining engineer, holding a PhD conferred by both the Madrid and Paris School of Mines. Mr. de Lope Alonso also holds a degree in business studies. Mr. de Lope Alonso has worked for Aqualia since 1993 following a brief period as a utilities consultant at Accenture, and has held several senior posts in the Spanish water municipal concessions market. Mr. de Lope Alonso has been involved in the acquisition of several companies which, following their respective mergers with Aqualia industrial, have become the benchmark of the Spanish industrial water services market. Mr. de Lope Alonso has also led Aqualia's expansion into both new geographical locations (MENA, LATAM, USA and Europe) and new business activities (including build, operate and transfer and engineering, procurement and construction). Mr. de Lope Alonso has been the managing director of international business at Aqualia since July 2013.

José Enrique Bofill Maestre is the Deputy Chairman of the Supervisory Board and International Area Director for Africa and Asia in Aqualia. Mr. Bofill Maestre joined Aqualia in 1996 and has dedicated his entire career to the water industry, holding executive positions in technical, P&L and business development areas. Mr. Bofill Maestre has participated in the implementation of world class water, wastewater, desalination and reuse projects in multiple countries. He holds an MSc degree in civil engineering and an MBA and is also a proficient lecturer, participating frequently in conferences and media as a speaker.

Isidoro Antonio Marbán Fernández has served as a member of the Supervisory Board of the Issuer since February 2022 and is the CFO of Aqualia. Mr. Marbán Fernández started his career in the department of economic control of Economic Control of Construcciones y Contratas SA, and has also held roles in construction and environment for both national and international projects. Mr. Marbán Fernández holds a degree in economics and business administration from the Autonomous University of Madrid.

Avtandil Namicheishvili has served as a member of the Supervisory Board since 21 January 2020, having formerly served as Chairman of the Supervisory Board from 13 March 2020 to 18 February 2022. Mr. Namicheishvili also serves as deputy CEO at Georgia Capital. He joined GGU in 2016 and assumed the role of interim CEO of GGU between January 2019 and March 2020. Mr. Namicheishvili was BGEO Group's general counsel between 2015 and 2018 and general counsel at the Bank of Georgia between 2007 and 2015. Prior to that, he was a partner at a leading Georgian law firm. Mr. Namicheishvili has extensive transactional experience, including over 25 mergers and acquisitions transactions and a number of equity and debt raises on the capital markets. He holds an LL.M. in international business law from Central European University, Hungary.

Irakli Gilauri is a member of the Supervisory Board. He joined GGU in 2015. Mr. Gilauri has served as Chairman and CEO at Georgia Capital since 24 February 2018. Mr. Gilauri formerly served as CEO of BGEO during the period 2011 to 2018, and was appointed chairman of the Bank of Georgia in September 2015, having previously served as CEO of the Bank of Georgia since May 2006 and as CFO from 2004 to 2006. Before his employment with the Bank of Georgia, Mr. Gilauri was a banker at the EBRD's Tbilisi and London offices for five years, where he worked on transactions involving debt and private equity investments in Georgian companies. Mr. Gilauri received his undergraduate degree in business studies, economics and finance from the University of Limerick, Ireland, in 1998. He was later awarded the Chevening Scholarship, granted by the British Council, to study at the CASS Business School of City University, London, where he obtained his MSc in banking and international finance.

The CEO

The CEO, as appointed by the Supervisory Board, is responsible for the day-to-day management and representation before third parties of the Issuer (subject to approvals of the GMS and the Supervisory Board, as may be required by the Charter).

The responsibilities of the CEO include:

- conducting and carrying out the Issuer's day-to-day activities;
- reviewing all items prior to including them in the agenda of the GMS or in the agenda of the meeting of the Supervisory Board, obtaining all necessary information, preparing proposals and drafting resolutions;
- supervising the performance of the Issuer's branches and departments and how they fulfil imposed obligations;
- ensuring fulfilment of resolutions adopted by the GMS and the Supervisory Board;
- developing rules of the Issuer, internal regulations and other regulatory documents which are approved by the Supervisory Board, and ensuring compliance therewith; During development of such rules, internal regulations and other regulatory documents, the CEO is obliged to take into consideration recommendations of the Supervisory Board;
- deciding on selection, dismissal, training, remuneration and incentives of the staff, taking into consideration the recommendations of the GMS and/or the Supervisory Board;
- carrying out any other activities which from time to time may be assigned to the CEO by the Supervisory Board and/or the GMS; and
- complying with the requirements envisaged in the Charter and applicable laws.

The following activities may be carried out by the CEO:

- coordinating and managing current activities of the Issuer;
- acting on behalf of the Issuer without a power of attorney and, taking into account the requirements established by the Charter, solely and independently representing the Issuer in relation to any issues, and representing the Issuer's interests in any state authority and in relation to any third party; as well as issuing powers of attorney;

- entering into transactions on behalf of the Issuer, subject to any necessary consents or approvals of the GMS and/or Supervisory Board;
- approving bonuses and/or sanctions to the Issuer's staff with the consent of the Supervisory Board, in compliance with internal regulations and provisions;
- appointing and dismissing the Issuer's employees;
- preparing all necessary materials/reports and presenting them for approval to the GMS or the Supervisory Board;
- in accordance with the decisions made by the Supervisory Board, ensuring the establishment, reorganisation or liquidation of the subsidiaries by the Issuer; and
- any other activities deemed necessary for the achievement of the aims of the Issuer, with the exception of those specifically reserved for the GMS and/or the Supervisory Board.

Executive management team

The executive management team is managed by the CEO.

The executive management team is accountable to the CEO, the Supervisory Board and the shareholders. The Supervisory Board approves the remuneration and other material conditions of employment for each member of the executive management team. Subject to the Charter, certain resolutions of the executive management team are subject to the prior approval of the Supervisory Board and the GMS.

Set out below are details regarding the members of the executive management team:

Name	Age	Title
José Miguel Santos González	55	Chief Executive Officer
Ramon M. Pujol Quer	63	Chief Finance Officer
Jaba Mamulashvili	45	Chief Legal Officer
Victor Jose Solis Gutierrez	48	Director of Water and Power Production
Antonio Quintana Barrera	44	Director of Operations (Water and Wastewater)

José Miguel Santos González is an Industrial Engineer educated at the University of Oviedo and EXMBA at Instituto de Empresa business school (IE, Madrid). Mr. Santos Gonzalez has more than 25 years of experience in the water sector, having held numerous executive positions within the technical and business development departments of Aqualia. He joined Aqualia in 1997 and was responsible for the provision of water public services in several cities and municipalities in Spain under concession contracts (e.g. in Ávila and Mérida). After these first projects, he was appointed Head of the Tender and Studies department in Center Zone in Spain and also the International area from 2004 to 2008. Since 2010, he has been in charge of the concession contracts (two desalination plants) in North Africa and in 2012 was appointed General Director of Aqualia MACE, subsidiary in UAE in charge of the O&M of sewerage system in the East of Abu Dhabi Emirate. He was appointed Country Manager for UAE, Qatar and Oman in 2015, responsible for the production and business development. In February 2022, he was appointed CEO of GGU.

Ramon M. Pujol Quer joined GGU in February 2022 and currently serves as CFO. He started his career in FCC Citizen Services Group in 1990 in the International Finance Department of the Environmental Division. Since then, he has held roles in finance, budgeting and control for different water and construction international subsidiaries in several countries. Mr. Pujol holds a degree in economics and business administration from the Central University of Barcelona and is specialised in Financial Audit.

Jaba Mamulashvili has served as a member of the executive management team since 2019. Mr. Mamulashvili joined GGU in February 2016. Before joining GGU, he held the position of partner at Begiashvili & Co. Limited, one of the leading Georgian law firms. Mr. Mamulashvili specialises in commercial law and has a notable experience in equity investments, corporate and project financing. He holds a Bachelor degree in law from Tbilisi State University and a Master's degree in international business law from the University of Manchester.

Victor Jose Solis Gutierrez is a Chemist by the Chemistry Faculty at Oviedo University like bachelor's degree in Analytical Chemistry-Physics in 1990, level 7, of the European Qualifications Framework (EQF). Mr. Solis Gutierrez has more than 30 years of experience in the water sector having held various managing positions (O&M Project Manager, Head Division Manager, Technical Responsible) since 1992 at the most important water and wastewater facilities in Asturias Cantabria and Bask Country Regions (North Spain). He joined Aqualia in 2005 and started an international career in 2022 as a Business Director at Jazan Business Unit that belong to the National Water Company South Cluster in the Kingdom of Saudi Arabia. Mr. Solis Gutierrez joined GGU in May 2023 as the Director of Water and Power Production.

Antonio Quintana Barrera is an Industrial Engineer specialized in Environmental Chemistry with more than 14 years of experience in the water sector. He joined Aqualia in 2010, having worked as responsible for the provision of water public services and sewerage plant director in different cities and municipalities in Andalusia region. Antonio started his international career in 2013 as an operations manager in Abu Dhabi and having worked as project manager and head of water treatment department for Aqualia in the United Arab Emirates and Qatar. He joined GGU in December 2023, as Wastewater Facilities Director, currently occupying the position of Director of Operations (Water and Wastewater).

The business address of each member of the executive management team is at the registered address of GGU.

Corporate Governance

GGU fully complies with all requirements regarding corporate governance stipulated under the Law of Georgia on Entrepreneurs.

Loans to Management

There were no loans issued to members of the Supervisory Board and the executive management team outstanding as at 31 March 2024.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the Supervisory Board, or the executive management team of GGU towards GGU and their private interest and/or other duties.

Litigation Statement

As of the date of these Listing Particulars, no member of the Supervisory Board or the executive management team for at least the previous five years:

- has any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior manager or a member of the administrative management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

Pensions

Following the entry into force of the Law of Georgia on Funded Pension dated 21 July 2018, on 1 January 2019, GGU became subject to the mandatory state pension scheme, which encompasses an investment of up to 6% of a person's income into a personal pension account, with 2% contributed by each of the employee and the employer and the additional state contribution varying depending on the employee's income. At present, the Government contributes, in favour of the participant of the pension scheme, 2% of the amount of the taxable income of an employee whose total yearly income does not exceed GEL 24,000 and 1% of the amount of the taxable income of an employee whose annual taxable income falls within the range of GEL 24,000 to GEL 60,000. The Government does not make any contributions if the annual taxable income of an employee exceeds GEL 60,000. The scheme is mandatory for those under 40 living and working in Georgia.

SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

The following table sets forth the ownership of the Issuer's shares as at 31 March 2024:

Owner	Shares Owned	
	Number	%
Aqualia Georgia LLC	55,032,421	80.00%
Georgia Capital JSC	13,758,105	20.00%
Total shares outstanding[(1)]	**68,790,526**	**100.00%**

Note:

(1) For the purposes of calculating the percentage of shareholding, the total shares outstanding exclude treasury shares held by the Issuer as of 31 March 2024. On 2 February 2022, the Issuer's Charter was amended to introduce three classes of ordinary shares. As of the date of the Listing Particulars, only the Class A and Class B shares of the Issuer remain outstanding while the Class C shares have been fully reacquired and held by the Issuer in treasury.

FCC Aqualia S.A.

FCC Aqualia S.A. is the parent company of Aqualia Georgia LLC, the Issuer's majority shareholder. It is a water management company owned by the citizen services group FCC and by the Australian ethical fund IFM Investors. The company is the fourth water company in Europe by population served and the ninth in the world, according to the latest Global Water Intelligence ranking (December 2022). It currently provides service to 45.2 million users and has a presence in 18 countries: Algeria, Saudi Arabia, Colombia, Chile, Egypt, United Arab Emirates, Spain, France, Italy, Mexico, Oman, Perú, Portugal, Qatar, Czech Republic, Romania, USA and Georgia. As at 31 December 2023, Aqualia had 90,605 kilometres of managed networks.

As at 31 March 2024, the shareholders of FCC Aqualia S.A. were as follows:

Name of shareholder	% of Total
Fomento de Construcciones y Contratas, S.A.	41.00%
Global Infraco Spain, S.L.U.	49.00%
FCC MIDCO, S.A.	10.00%
	100.00%

Georgia Capital PLC

Georgia Capital PLC is the parent company of Georgia Capital JSC, the Issuer's minority shareholder. It is a platform for buying, building, developing and selling businesses in Georgia. Its primary business is to develop or buy businesses, help them institutionalise their management and grow them into mature businesses that can further develop largely on their own, either with continued oversight or independently. As at 31 December 2023, the total value of its portfolio was GEL 3.7 billion. Its portfolio consists of investments in Georgia Healthcare, Bank of Georgia and GGU as well as investments in companies operating in the housing development, property and casualty insurance, hospitality and commercial real estate, beverages, education, auto services and digital services. Georgia Capital PLC is listed on the London Stock Exchange.

As at 31 March 2024, the shareholders of record of Georgia Capital PLC were as follows:

Name of shareholder	% of Total
Management & Management Trust[(1)]	14.20%
Gemsstock Ltd.	11.07%
Allan Gray Ltd	7.09%
Lazard Asset Management LLC	6.99%
Coeli Frontier Markets AB	4.83%
Eaton Vance	4.60%
Schroder Investment Management Ltd	3.60%

Firebird Management LLC	2.80%
Motley Fool Asset Management	2.34%
Halcyon Portfolio Management	2.20%
	59.71%

Note:

(1) Management & Management Trust includes shares directly held by the management (5.5%), shares held by the trust (5.2%) and unvested shares for the management (3.5%).

Related Party Transactions

In the ordinary course of its business, GGU has engaged, and continues to engage, in transactions with related parties. Related parties include, among others, shareholders, all managers and the members of the executive management team of GGU, companies affiliated with GGU and certain shareholders and managers of such affiliated companies. Furthermore, parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions or if such parties are under common control. GGU seeks to conduct all related party transactions on market terms and at market prices.

According to the Charter, any transaction with related parties of the Issuer is subject to the prior approval of the Supervisory Board or the GMS.

The following tables show volumes of related party transactions, outstanding balances at the period end and related party expense and income for the periods indicated. For further details of certain transactions, see Note 5 to the 2023 Financial Statements and Note 10 to the Interim Financial Statements.

			As at 31 December						
	As at 31 March 2024		**2023**		**2022**			**2021(2)**	
	Parent	**Other (GCAP companies)**	**Parent**	**Other (GCAP companies)**	**Parent**	**Other shareholders**	**Other (GCAP companies)**	**The Parent**	**Entities under common control**
	(Unaudited)		*(Audited)*						
	(GEL thousands)		*(GEL thousands)*						
Assets									
Trade and other receivables (including ECL of nil)	—	2,366	—	2,170	—	—	2,206	—	2,282
Prepayments	—	1,035	—	12	—	—	756	—	654
Reimbursement asset	—	1,900	—	1,900	—	—	—	—	2,318
Financial assets held for trading (a)	—	—	—	—	—	—	—	8,122	—
Other current assets	—	—	—	—	—	—	—	2,594	—
Borrowings as at 1 January	**509,231**	—	**446,279**	—	—	—	**2,245**	—	—
Proceeds from borrowings and interest accrued during the period/year	15,443	—	71,316	—	487,926	262,727	415	—	2,245
Repayment of borrowing including interest during the period/year	—	—	(8,564)	—	(8,188)	—	—	—	—
Foreign exchange differences on borrowings(1)	(509)	—	200	—	(33,459)	—	(44)	—	—
Currency translation differences on borrowings	—	—	—	—	—	(6,366)	—	—	—
Disposal of energy business	—	—	—	—	—	(256,361)	(2,616)	—	—
Borrowings as at 31 December	**524,165**	—	**509,231**	—	**446,279**	—	—	—	**2,245**
Liabilities									
Advances received	—	62	—	46	—	19	19	—	527
Trade and other payables	495	152	394	147	—	103	103	—	187

Note:

(1) Referred to as 'Forex on borrowings' in the financial statements for the year ended 31 December 2023.

(2) Extracted from the 2022 Financial Statements.

	Three months ended 31 March 2024		Year ended 31 December							
			2023		2022			2021[3]		
	Parent	Other (GCAP) companies)	Parent	Other (GCAP) companies)	Parent	Other shareholders	Other (GCAP companies)	The Parent	Entities under common control	
Income and expenses	*(Unaudited)*					*(Audited)*			
Revenue from water supply	—	720	—	1,810	—	—	2,132	—	2,291
Other revenue	—	—	—	—	—	—	236	—	1,767
Other income	—	—	—	—	—	—	—	—	15
Cost of Electric Power Sales	—	—	—	—	—	—	(1,285)	—	(6,408)
Finance cost capitalised	—	—	—	—	—	—	—	—	(134)
Professional fees	(485)	—	(1,353)	—	(873)	—	—	—	—
Other operating expenses[1]	—	(1,318)	—	(2,721)[3]	—	—	(2,619)[2]	—	(2,110)
Finance costs	(9,594)	—	(33,741)	—	(11,365)	(1,403)[2]	—	—	—
Finance income	—	—	—	—	—	260[2]	—	—	390
Maintenance expenditure	—	—	—	—	—	—	—	—	(59)

Notes:

(1) Other operating expenses mostly comprises of insurance expense.

(2) Finance income, finance costs and GEL 765 of other operating expenses in 2022 are related to discontinued operations and included in profit/(loss) after tax for the year from discontinued operations in the consolidated statement of profit and loss and other comprehensive income.

(3) Extracted from the 2022 Financial Statements.

Remuneration and Benefits

GGU's key management personnel in 2023 and 2022 included non-executive and executive directors of GGU (2022 and 2021: included non-executive directors of GGU and members of the executive management board of GWP). Total compensation paid to key executive management personnel (2022 and 2021: including members of the executive management board of GWP) for their services in full-time executive management positions is made up of salaries, employee share-based compensation and performance bonuses depending on the financial performance of GWP. The total compensation paid to key management personnel amounted to GEL 3,806 thousand, GEL 6,473 thousand and GEL 11,778 thousand for the years ended 31 December 2023, 2022 and 2021, respectively.

	Year ended 31 December		
	2023	2022	2021[1]
	(GEL thousands)		
Salaries and benefits	2,916	2,787	2,461
Bonuses	890	2,380	3,443
Employee share-based compensation	—	1,306	4,344
Termination-related cash-based employee compensation	—	—	1,530
Total management compensation	**3,806**	**6,473**	**11,778**

Note:

(1) Extracted from the 2022 Financial Statements.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions in the form in which they will be endorsed on the Notes:

The issue of U.S.$300,000,000 8.875% Notes due 2029 (the "**Notes**", which expression shall include any further Notes issued pursuant to Condition 19 (*Further Issues*) and consolidated and forming a single series therewith) was authorised by the resolutions of the Supervisory Board and the shareholders of Georgia Global Utilities JSC (the "**Issuer**") passed on 11 July 2024 and 7 June 2024, respectively. The Notes are constituted by a trust deed dated 25 July 2024 (the "**Trust Deed**", which expression includes any such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) between the Issuer, Georgian Water and Power LLC (the "**Initial Guarantor**") and The Bank of New York Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes. Copies of the Trust Deed, and of the agency agreement dated 25 July 2024 (the "**Agency Agreement**", which expression includes any such agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) relating to the Notes between the Issuer, the Initial Guarantor, the Trustee, The Bank of New York Mellon, London Branch as the initial principal paying agent (the "**Principal Paying Agent**") and The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**"), and any other agents named in it, are available for inspection during usual business hours following satisfactory proof of holding and identity and by prior appointment at the specified offices of the Principal Paying Agent, the Transfer Agent and the Registrar. However if the Principal Paying Agent, the Transfer Agent and the Registrar are not able to make available for inspection at their respective specified office such documents by any event beyond their reasonable control, the Principal Paying Agent, the Transfer Agent and the Registrar may provide such documents for inspection to any holder of a Note electronically, subject to such holder being able to provide evidence satisfactory to the Issuer, the Principal Paying Agent, the Transfer Agent and the Registrar as to its holding and identity. "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed pursuant to the Agency Agreement from time to time with respect to the Notes. The Noteholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As of the Issue Date (as defined below), all of the Issuer's Subsidiaries will be "Restricted Subsidiaries". However, under the circumstances described below in the definition of "Unrestricted Subsidiaries", the Issuer will be permitted to designate certain of its Subsidiaries as Unrestricted Subsidiaries. The Issuer's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in these Conditions.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed, the absence of any such meaning indicating that such term is not applicable to the Notes.

1. FORM, SPECIFIED DENOMINATION AND TITLE

The Notes are issued in registered form, without interest coupons attached, and shall be serially numbered. Notes, whether sold (i) in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or (ii) to QIBs (as defined in the Trust Deed) in reliance on Rule 144A under the U.S. Securities Act, will be issued in the denominations of U.S.$200,000 or any amount in excess thereof which is an integral multiple of U.S.$1,000.

The Notes are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a) (*Transfer*), each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" and "**holder**" means the person in whose name a Note is registered.

2. TRANSFERS OF NOTES

(a) **Transfer**: One or more Notes may be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement (the "**Regulations**"). The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current Regulations will be made available by the Registrar to any Noteholder upon request.

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) (*Transfer*) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(b), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge**: Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods**: No Noteholder may require the transfer of a Note (or any part thereof) to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(b) (*Redemption for Taxation and Other Reasons*), (iii) after any such Note has been called for redemption in accordance with these Conditions or (iv) during the period of seven days ending on (and including) any Record Date.

3. STATUS

The Notes constitute direct, unconditional and (subject to Condition 5 (*Covenants*)) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves. The Issuer shall ensure that at all times the claims against it under the Notes and the Trust Deed rank at least *pari passu* in right of payment with the claims of all other unsecured and unsubordinated creditors of the Issuer (subject to Condition 5 (*Covenants*)), save for those claims that are preferred by mandatory provisions of applicable law.

4. GUARANTEE

(a) **Guarantee**: The Initial Guarantor has, unconditionally and irrevocably guaranteed (and any Additional Guarantor will guarantee) the payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed (the "**Initial Guarantee**"). The Initial Guarantor's obligations under its Guarantee are contained in the Trust Deed. The Initial Guarantee will become effective on the Issue Date. The obligations of any Additional Guarantor under its respective Additional Guarantee will be contained in a deed supplemental to the Trust Deed pursuant to which such Additional Guarantor will guarantee the payment of all moneys payable under the Trust Deed and the Notes.

(b) **Status of the Guarantee:** The Guarantee constitutes direct, unconditional and (subject to the provisions of Condition 5 (*Covenants*)) unsecured obligations of the Guarantor and the Guarantor shall ensure that at all times the claims against it under the Guarantee and the Trust Deed rank at least *pari passu* in right of payment with the claims of all other unsecured and unsubordinated creditors of the Guarantor (subject to Condition 5 (*Covenants*)), save for those claims that are preferred by mandatory provisions of applicable law.

(c) **Additional Guarantors:**

(i) The Issuer shall ensure that on 31 December and 30 June of each year (each a "**Guarantor Testing Date**"):

(A) Consolidated Total Assets of the Issuer and the Guarantors (calculated after intercompany eliminations and in accordance with IFRS or under GAAP local to such entity where IFRS financials are not available in respect of such entity), comprise 85% or more of the Consolidated Total Assets of the Issuer and its Restricted Subsidiaries (calculated in accordance with IFRS), in each case with reference to the balance sheets of the Issuer and the Guarantors and the consolidated balance sheet of the Issuer and its Restricted Subsidiaries at the Guarantor Testing Date; and

(B) Consolidated EBITDA of the Issuer and the Guarantors (calculated after intercompany eliminations and in accordance with IFRS or under GAAP local to such entity where IFRS financials are not available in respect of such entity), comprises 85% or more of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries (calculated in accordance with IFRS) in each case for the last two semi-annual periods ending on the Guarantor Testing Date and by reference to the income statements of the Issuer and the Guarantors and the consolidated income statements of the Issuer and its Restricted Subsidiaries for such periods.

(ii) In the event that either or both of the tests in Condition 4(c)(i) are not satisfied on any Guarantor Testing Date, the Issuer will cause additional Restricted Subsidiaries of the Issuer to execute and deliver to the Trustee a deed supplemental to the Trust Deed, pursuant to which each such Subsidiary (an "**Additional Guarantor**") will unconditionally and irrevocably, on a joint and several basis with each other Guarantor, guarantee the payment of all moneys payable under the Trust Deed and the Notes and will become vested with all the Obligations of a Guarantor as if originally named a Guarantor under the Trust Deed and the Agency Agreement (an "**Additional Guarantee**"), as soon as practicable (but in any event no later than 30 days after the date on which reports referred to in Condition 5(j) are furnished to the Noteholders and the Trustee), such that, following such execution and delivery, if such additional Subsidiaries had been included as Guarantors prior to or as of such date, each of the tests in Condition 4(c)(i) would have been satisfied, and the Issuer shall confirm the same to the Trustee (and the Trustee shall be entitled to rely upon such confirmation without enquiry and without any liability). The Issuer shall provide no less than five Business Days' notice to the Trustee of the proposed granting of an Additional Guarantee by any Subsidiary and such notice shall specify the relevant Subsidiary or Subsidiaries that will become Additional Guarantor(s).

In addition, the Issuer will cause to be delivered on the date of execution of each deed supplemental to the Trust Deed pursuant to which such Subsidiary will become an Additional Guarantor an Opinion of Counsel addressed to the Trustee (at the expense of the Issuer), in form and substance reasonably satisfactory to the Trustee, stating that the Additional Guarantor has due capacity to enter into such deed supplemental to the Trust Deed and perform its obligations thereunder and that the obligations set out in such deed supplemental to the Trust Deed constitute the legal, valid and binding obligations of the respective Additional Guarantor, enforceable in accordance with its terms, subject to customary exceptions, qualifications and limitations.

(iii) In the event that any Restricted Subsidiary that is not a Guarantor, on any Guarantor Testing Date, would constitute a Material Subsidiary, the Issuer shall, within 30 days of such determination, cause such Restricted Subsidiary to become an Additional Guarantor in accordance with the procedures set out in Condition 4(c)(ii) above.

(iv) Any Additional Guarantees shall be issued on substantially the same terms as the Initial Guarantee (limited only to the extent necessary under applicable law).

(v) For the purposes of the Trust Deed and these Conditions, references to the Guarantee include references to any Additional Guarantees and shall be construed accordingly and references to the Guarantor include references to any Additional Guarantors. For the avoidance of doubt, from the Issue Date until a Subsidiary becomes an Additional Guarantor in accordance with Condition 4(c) (*Additional Guarantors*), references herein to (i) "the Guarantor", "a Guarantor", "any Guarantor", "each Guarantor", "the relevant Guarantor" or "such Guarantor" shall be to the Initial Guarantor only, and (ii) "the Guarantee", "a Guarantee", "any Guarantee", "each Guarantee" or "the relevant Guarantee" shall be to the Initial Guarantee only.

After an Additional Guarantor is named in accordance with Condition 4(c) (*Additional Guarantors*), references herein to (i) "the Guarantor" or "each Guarantor" shall be to the Initial Guarantor and any Additional Guarantor that is named in accordance with Condition 4(c) (*Additional Guarantors*), and references herein to "a Guarantor", "any Guarantor", "the relevant Guarantor" or "such Guarantor" shall be to either the Initial Guarantor or any Additional Guarantor as the context permits; and (ii) "the Guarantee" or "each Guarantee" shall be to the Initial Guarantee and any Additional Guarantee, and references herein to "a Guarantee", "any Guarantee" or "the relevant Guarantee" shall be to the Initial Guarantee or any Additional Guarantee as the context permits.

(vi) Notwithstanding anything in this Condition 4(c) to the contrary, no Subsidiary shall be obligated to become a Guarantor to the extent and for so long as the incurrence of such Guarantee is reasonably likely to give rise to or result in:

(A) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalisation rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction;

(B) direct personal liability for the officers, directors, supervisory board members or (except in the case of a Subsidiary that is a partnership) shareholders of such Subsidiary (or, in the case of a Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or

(C) any material cost, expense, liability or obligation (including with respect to any Taxes but excluding any obligation under the relevant Guarantee itself) that cannot be avoided by reasonable measures available to the Issuer other than reasonable out of pocket expenses (but, in such a case each of the Issuer and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit).

At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law.

(d) Release of Guarantee: The Guarantee of a Guarantor will be released automatically and without further action on the part of any Noteholder or the Trustee:

(i) in the event that such Guarantor is disposed of in a manner which is permitted by these Conditions (*provided* that, in any event, the disposal is not made to a Restricted Subsidiary that is not a Guarantor) and the proceeds of such disposal are applied for a purpose permitted by these Conditions;

(ii) when a Guarantor is not a Material Subsidiary and is liquidated, merged into a Restricted Subsidiary or reorganised in any other manner within 180 days of its release as a Guarantor;

(iii) upon the merger of a Guarantor into another Guarantor or the Issuer in a manner which is permitted by these Conditions;

(iv) upon the full and final payment and performance of all Obligations of the Issuer under the Trust Deed and the Notes; and

(v) to the extent allowed pursuant to actions described in Condition 13 (*Meeting of Noteholders*) and these Conditions,

provided that in the case of clauses (i), (ii), and (iii) above, after giving *pro forma* effect to such release, each of the tests in Condition 4(c)(i) would have been satisfied on the relevant Guarantor Testing Date.

A Guarantor shall also be released from the Guarantee on request of the Issuer if, after giving *pro forma* effect to such release, (i) each of the tests in Condition 4(c)(i) would have been satisfied on the relevant Guarantor Testing Date; and (ii) such Guarantor is not a Material Subsidiary (the "**Guarantor Release Tests**").

No release or discharge of a Guarantee will be effective against the Trustee or the Noteholders until the Issuer shall have delivered to the Trustee an Officer's Certificate (in the case of release pursuant to Conditions 5(d)(i), (ii) and (iii), certifying that an event specified in Conditions 5(d)(i), (ii) or (iii), as applicable, has occurred and certifying compliance with the tests set out in Condition 4(c)(i) on the relevant Guarantor Testing Date, and in the case of release pursuant to the preceding paragraph, certifying compliance with the Guarantor Release Tests, in each case after giving *pro forma* effect to such release) and an Opinion of Counsel, each stating that all conditions precedent provided for in the Trust Deed relating to such release and discharge have been satisfied and that such release and discharge is authorised and permitted under these Conditions. The Trustee shall be entitled to rely on such Officer's Certificate and Opinion of Counsel absolutely and without enquiry or liability, and upon receipt of which, the Trustee shall be irrevocably authorised by the Noteholders to take all reasonable actions requested by the Issuer or the relevant Guarantor to effect and evidence any release in accordance with these Conditions and the Trust Deed (subject to customary protections and indemnifications and at the cost of the Issuer or the relevant Guarantor). The Noteholders by purchasing the Notes hereby authorise and instruct the Trustee to enter into such release documentation upon acceptance of such Officer's Certificate and Opinion of Counsel.

None of the Issuer, the Trustee or the Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

(e) **Notice to Trustee and Noteholders:** The Issuer will give notice to the Trustee and to Noteholders in accordance with Condition 16 (*Notices*) forthwith upon a Guarantor ceasing to be a Guarantor and/or any additional Subsidiary of the Issuer becoming a Guarantor. In addition, for so long as the Notes are listed on Euronext Dublin and/or any other securities exchange on which the Notes may be listed or quoted from time to time, the Issuer shall comply with the applicable rules of Euronext Dublin and/or such other securities exchange in relation to any Guarantor ceasing to be a Guarantor or any of the Subsidiaries of the Issuer becoming Guarantors.

(f) **Trustee not obliged to monitor**: The Trustee shall not be obliged to monitor compliance by the Issuer with Condition 4(c) or Condition 4(d) and shall have no liability to any person for not doing so. The Trustee shall be entitled to rely, without liability to any person, on a notice of the Issuer provided under this Condition 4 and shall be entitled to assume the factual accuracy of any information contained in such notice.

5. COVENANTS

(a) Negative Pledge: The Issuer shall not, and shall not cause or permit any of its Material Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness upon any of its property or assets (whether now owned or hereafter acquired), except (a) Permitted Liens or (b) if such Lien is not a Permitted Lien, to the extent that all payments due under the Trust Deed and the Notes (or a Guarantee in the case of Liens of a Guarantor) are secured on an equal and ratable basis with the obligations so secured (and if such obligations so secured are subordinated or junior in right of payment to either the Notes or any Guarantee, as the case may be, then the Liens securing such Indebtedness shall be subordinate or junior in priority to the Lien securing the Notes or such Guarantee at least to the same extent as such Indebtedness is subordinate or junior to the Notes or such Guarantee, as the case may be), until such time as such obligations are no longer secured by a Lien. Any such Lien thereby created in favour of the Noteholders pursuant to this Condition 5(a) will be automatically and unconditionally released and discharged upon the release and discharge of the initial Lien to which it relates, subject to any formalities required under applicable local law.

(b) Continuance of Business, Maintenance of Authorisations and Legal Validity:

(i) The Issuer shall, and shall procure that each of its Material Subsidiaries shall, take all necessary action to obtain and do or cause to be done all things necessary to ensure the continuance of its or their respective corporate existence (except as otherwise permitted by Condition 5(c) (*Mergers and Consolidations*)), and its or their respective business, and the use of all material intellectual property relating to its or their respective business and the Issuer shall, and shall procure that each of its Material Subsidiaries shall, take all necessary action to obtain and do or cause to be done all things necessary to ensure the continuance of all consents, licences, approvals and authorisations necessary in that regard.

(ii) The Issuer and the Guarantor shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents and make or cause to be made all registrations, recordings and filings required in or by the laws and regulations of the jurisdictions where they were formed or in which they operate to enable them lawfully to perform their respective obligations under the Notes, the Guarantee and the Trust Deed and ensure the legality, validity, enforceability or admissibility in evidence in Georgia of the Notes, the Guarantee and the Trust Deed.

(c) Mergers and Consolidations:

(i) The Issuer shall not, without the prior written consent of the Trustee, (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation) or undergo any other type of corporate reconstruction or (y) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, or sell, convey, transfer, lease or otherwise dispose of, all or substantially all of the Issuer's properties or assets (determined on a consolidated basis), unless, in any case:

(A) immediately after the transaction referred to in (x) or (y) above:

(I) the resulting or surviving Person or the transferee (the "**Successor Entity**") shall be the Issuer or, if not the Issuer, the Successor Entity shall expressly assume by a deed supplemental to the Trust Deed in form and substance reasonably satisfactory to the Trustee, executed and delivered to the Trustee, all the rights and obligations of the Issuer under the Notes, the Trust Deed and the Agency Agreement;

(II) the Successor Entity (if not the Issuer) shall retain or succeed to all of the rights and obligations of the Issuer under all of its material governmental permits, licences, consents and authorisations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates; and

(III) the Successor Entity (if not the Issuer) is a corporation organised or existing under the laws of any member state of the European Economic Area, the United Kingdom, the United States or any State thereof or the District of Columbia, Georgia, Israel, Canada, South Korea, Turkey, Armenia or Azerbaijan;

(B) no Event of Default or Potential Event of Default shall have occurred and be continuing or result therefrom;

(C) the Guarantor (unless it is the other party to the transactions above, in which case clause (i)(A)(II) shall apply) shall have by a deed supplemental to the Trust Deed confirmed that its Guarantee shall apply to any Successor Entity's obligations in respect of the Trust Deed, the Agency Agreement and the Notes and shall continue to be in effect; and

(D) the relevant transaction referred to in (x) or (y) above shall not result in a Material Adverse Effect.

(ii) Any Guarantor shall not, without the prior written consent of the Trustee, (x) enter into any re-organisation (whether by way of a merger, accession, division, separation or transformation) or undergo any other type of corporate reconstruction or (y) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, or sell, convey, transfer, lease or otherwise dispose of, all or substantially all of the relevant Guarantor's properties or assets (determined on a consolidated basis), unless, in any case:

(A) immediately after the transaction referred to in (x) or (y) above:

(I) the Successor Entity is a Guarantor; or

(II) the Successor Entity (if not a Guarantor) shall retain or succeed to all of the rights and obligations of the relevant Guarantor under all of its material governmental permits, licences, consents and authorisations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates;

provided that the Successor Entity is a corporation organised or existing under the laws of any member state of the European Economic Area, the United Kingdom, the United States or any State thereof or the District of Columbia, Georgia, Israel, Canada, South Korea, Turkey, Armenia or Azerbaijan;

(B) no Event of Default or Potential Event of Default shall have occurred and be continuing or result therefrom; and

(C) the relevant transaction referred to in (x) or (y) above shall not result in a Material Adverse Effect.

(iii) Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary as a result of any such transaction undertaken in compliance with this covenant, and any Permitted Refinancing Indebtedness with respect thereto, shall be deemed to have been incurred in compliance with the covenant described in Condition 5(i) (*Indebtedness*); *provided, however,* that at the time of such transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Issuer would have been able to incur U.S.$1.00 additional Indebtedness pursuant to Condition 5(i)(i) (*Indebtedness*) after giving pro forma effect to the incurrence of such Indebtedness or (y) the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be more than it was immediately prior to giving pro forma effect to the incurrence of such Indebtedness.

(iv) For the purpose of this Condition 5(c), the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Restricted Subsidiaries of the Issuer or a Guarantor (as applicable), which properties and assets, if held by the Issuer or such Guarantor (as applicable) instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or such Guarantor (as applicable) on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the assets of the Issuer. In addition, neither the Issuer nor any Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and the Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

(v) The Successor Entity will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or Guarantor (as applicable) under the Trust Deed and the Notes.

(vi) Nothing in these Conditions will prevent and this Condition 5(c) will not apply to (i) any Restricted Subsidiary consolidating with, merging with or into or transferring all or part of its properties and assets to the Issuer or a Guarantor, or (ii) any Restricted Subsidiary that is not a Guarantor consolidating with, merging with or into or transferring all or part of its properties and assets to any other Restricted Subsidiary.

(vii) In the event the Issuer or any Guarantor merges into or is consolidated with another entity and such merger or consolidation is permitted by these Conditions, all references to the Issuer or such Guarantor in these Conditions or the Trust Deed shall be deemed to refer to the Successor Entity in such merger or consolidation.

(viii) In connection with this Condition 5(c) the Trustee shall:

(A) be entitled to rely, without further enquiry, on an Officer's Certificate of the Issuer (or, if applicable, the Successor Entity) confirming that the requirements set out in Condition 5(c)(i) or Condition 5(c)(ii), as applicable, are satisfied and, where the Trustee so relies, it shall suffer no liability to any Noteholder or any other relevant person for so doing; and/or

(B) have no obligation to determine whether any relevant transaction referred to in Conditions 5(c)(i) or 5(c)(ii) shall result in a Material Adverse Effect but shall be entitled either:

(I) to rely, without further enquiry, on any opinion of a Financial Adviser which confirms that, in the opinion of such Financial Adviser, the relevant transaction would not result in a Material Adverse Effect and, where the Trustee so relies, it shall suffer no liability to any Noteholder or any other relevant person for so doing; or

(II) to refrain from taking any action or providing any consent to the Issuer in the absence of a direction from the Noteholders (by way of Extraordinary Resolution).

(d) Asset Sales:

(i) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(A) the Issuer or any of its Restricted Subsidiaries receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(B) at least 75% of the consideration received in the Asset Sale by the Issuer or its relevant Restricted Subsidiary is in the form of cash or Cash Equivalents.

(ii) Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer or one or more of its Restricted Subsidiaries may apply an amount equal to the amount of such Net Proceeds:

(A) to purchase the Notes (x) through open market purchases or in privately negotiated transactions at market prices (which may be below par), or (y) pursuant to an offer to all Noteholders in accordance with the provisions set forth below for an Asset Sale Offer (which offer shall be deemed to be an Asset Sale Offer for purposes hereof);

(B) to repay, repurchase, prepay or redeem (x) to the extent such Net Proceeds are from an Asset Sale of assets of a Restricted Subsidiary that is not a Guarantor, any Indebtedness of a Restricted Subsidiary that is not a Guarantor, (y) any Indebtedness that is secured by a Lien on the assets or property subject to such Asset Sale and, if the Indebtedness repaid, repurchased, prepaid or redeemed is revolving credit facility Indebtedness, to correspondingly reduce commitments with respect thereto or (z) Pari Passu Indebtedness that is not Public Debt at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness *plus* accrued and unpaid interest to the date of such repayment, repurchase, prepayment or redemption;

(C) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(D) to make capital expenditures;

(E) to acquire other assets (other than Capital Stock) that are not classified as current assets under IFRS and which are used or useful in a Permitted Business;

(F) pursuant to a binding commitment to apply the Net Proceeds pursuant to the foregoing clauses (A) through (E); *provided*, *however*, that any such binding commitment will be treated as a permitted application of Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period;

(G) to invest in Cash Equivalents; or

(H) any combination of the foregoing.

(iii) Pending the final application of any Net Proceeds, the Issuer or any of its Restricted Subsidiaries may otherwise invest the Net Proceeds in any manner that is not prohibited by these Conditions.

(iv) Any Net Proceeds from Asset Sales that are not applied or invested as provided in Condition 5(d)(ii) will constitute "**Excess Proceeds**". On the 366th day after an Asset Sale (or such later date as is contemplated by Condition 5(d)(ii)(F) above) if the aggregate amount of Excess Proceeds exceeds U.S.$25 million (or an equivalent amount in any other currency or currencies), within 20 Business Days thereof, the Issuer or one or more of its Restricted Subsidiaries will make an offer (an "**Asset Sale Offer**") to all Noteholders and may make an offer to all holders of other Pari Passu Indebtedness (to the extent such Pari Passu Indebtedness is subject to provisions similar to those set forth in these Conditions with respect to offers to purchase or redeem or obligations to repay with the proceeds from sales of assets) to purchase, prepay or redeem the maximum principal amount of Notes and such other Pari Passu Indebtedness (*plus* all accrued and unpaid interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, *plus* accrued and unpaid interest and additional amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of Noteholders on the relevant Record Date to receive interest due on the relevant Interest Payment Date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by these Conditions. If the aggregate principal amount of Notes and other Pari Passu Indebtedness tendered into (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and any other Pari Passu Indebtedness, if applicable, in definitive form to be purchased shall be selected by the drawing of lots in such place and in such manner as is fair and reasonable in the circumstances taking account of prevailing market practices (or, in the case of Notes issued in global form, based on a method that most nearly approximates a *pro rata* selection as prescribed by the relevant clearing systems) unless otherwise required by applicable law or applicable stock exchange or depositary requirements, based on the amounts tendered or required to be prepaid or redeemed; *provided* that Notes of U.S.$200,000 or less may only be purchased in whole and not in part, and in integral multiples of U.S.$1,000 in excess thereof. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(v) The Issuer will comply with the requirements of all securities laws and regulations (including securities exchange rules) to the extent those laws and regulations are applicable in connection with each repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Condition 5(d)(iv), the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition 5(d)(iv) by virtue of such compliance.

(e) Transactions with Affiliates:

(i) The Issuer shall not, and shall not cause or permit any of its Material Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) in any twelve-month period which has or in aggregate have a value in excess of the greater of U.S.$5 million (or an equivalent amount in any other currency or currencies) and 2.0% of the Issuer's Consolidated Total Assets with, or for the benefit of, any Affiliate (an "**Affiliate Transaction**") unless the terms of such Affiliate Transaction are not materially less favourable to the Issuer or such Material Subsidiary, as the case may be, than those that could be obtained (at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor) in a comparable arm's-length transaction with a Person that is not an Affiliate of the Issuer or such Material Subsidiary, as the case may be.

(ii) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the foregoing Condition 5(e)(i):

(A) any employment agreement, collective bargaining agreement, employee benefit plan, officer, director or supervisory board member indemnification agreement, including any stock option, stock appreciation rights, stock incentive or similar plans or any similar arrangement entered into by the Issuer or any of its Material Subsidiaries in the ordinary course of business or consistent with past practice and payments or other transactions pursuant thereto;

(B) transactions (including a merger) between or among the Issuer and any of its Restricted Subsidiaries or between or among any Restricted Subsidiaries;

(C) payment of reasonable fees to, reimbursements of expenses and indemnity provided on behalf of, officers, directors, supervisory board members, employees or consultants of the Issuer or any of its Restricted Subsidiaries;

(D) any issuance of Equity Interests (other than Disqualified Stock) of the Issuer or any Material Subsidiary to Affiliates of the Issuer, or receipt of cash capital contributions from Affiliates of the Issuer or any Material Subsidiary in exchange for Equity Interests of the Issuer (other than Disqualified Stock);

(E) Restricted Payments and Permitted Investments (other than Permitted Investments described in clauses (c) and (l) of the definition thereof) that do not violate Condition 5(g) (*Restricted Payments*);

(F) transactions effected pursuant to or contemplated by agreements or arrangements in effect or entered into on the Issue Date and any amendments, modifications or replacements of such agreements or arrangements (so long as such amendments, modifications or replacements are not materially more disadvantageous to the Noteholders, taken as a whole, than the original agreements or arrangements as in effect on or entered into on the Issue Date) (as determined in good faith by a responsible accounting or financial officer of the Issuer);

(G) transactions effected pursuant to or contemplated by agreements or arrangements between any Person and an Affiliate of such Person existing at the time such Person is acquired by, merged into or amalgamated, arranged or consolidated with the Issuer or any of its Material Subsidiaries; *provided* that such agreements or arrangements were not entered into in contemplation of such acquisition, merger, amalgamation, arrangement or consolidation, and any amendments, modifications or replacements of such agreements or arrangements (so long as such amendments, modifications or replacements are not materially more disadvantageous to the Noteholders, taken as a whole, than the original agreements or arrangements as in effect on the date of such acquisition, merger, amalgamation, arrangement or consolidation) (as determined in good faith by a responsible accounting or financial officer of the Issuer);

(H) execution, delivery and performance of any consolidated group arrangements for tax or accounting purposes, provided that any payments to be made pursuant to such arrangements are made in compliance with the covenant as set forth in Condition 5(g) (*Restricted Payments*); and

(I) (a) any Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Trust Deed.

(f) Payment of Taxes and Other Claims: The Issuer shall, and shall ensure that its Material Subsidiaries will, pay or discharge or cause to be paid or discharged, before the same shall become overdue, all Tax, assessments and governmental charges levied or imposed upon or upon the income, profits or property of the Issuer and/or its Material Subsidiaries, provided that neither the Issuer nor any Material Subsidiary shall be required to pay or discharge or cause to be paid or discharged any such Tax, assessment, charge or claim (i) the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS or other appropriate provision has been made or (ii) the amount of which, together with all such other unpaid or undischarged Tax, assessments, charges and claims, does not in the aggregate exceed U.S.$5 million (or an equivalent amount in any other currency or currencies).

(g) Restricted Payments:

(i) The Issuer shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(A) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any such payment or distribution made in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer or in Subordinated Shareholder Funding and other than dividends or distributions (including through capital/equity reductions and/or share redemptions) payable to the Issuer or to a Restricted Subsidiary);

(B) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect Parent of the Issuer, in each case, held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Equity Interests of the Issuer (other than Disqualified Stock));

(C) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Guarantee (excluding any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries) except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal instalment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement;

(D) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(E) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (A) through (E) above being collectively referred to as "**Restricted Payments**"), unless, at the time of and after giving effect to such Restricted Payment:

(I) no Potential Event of Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(II) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test set forth in Condition 5(i)(i) (*Indebtedness*); and

(III) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by Condition 5(g)(ii)(B), (C), (D), (E), (F) and (G) below) is less than the sum, without duplication, of:

(1) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from 1 January 2024 to the end of the Issuer's most recently ended fiscal quarter for which financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, *less* 100% of such deficit); *plus*

(2) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests of the Issuer or Subordinated Shareholder Funding or from the issue or sale of convertible or exchangeable Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer, in each case, that have been converted into or exchanged for Qualifying Equity Interests of the Issuer or Subordinated Shareholder Funding (other than Qualifying Equity Interests, Subordinated Shareholder Funding and convertible or exchangeable Disqualified Stock or debt securities sold to a Restricted Subsidiary and other than net cash proceeds used to incur Indebtedness pursuant to Condition 5(i)(P)) and 100% of any cash capital contribution received by the Issuer from its shareholders subsequent to the Issue Date; *plus*

(3) to the extent that any Restricted Investment that was made after the Issue Date is (x) sold for cash or otherwise cancelled, liquidated or repaid for cash, or (y) made in an entity that subsequently becomes a wholly-owned Restricted Subsidiary, the initial amount of such Restricted Investment.

(ii) Condition 5(g)(i) will not prohibit:

(A) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of these Conditions;

(B) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or from the substantially concurrent contribution of common equity capital to the Issuer; *provided* that the amount of any such net cash proceeds that are utilised for any such Restricted Payment will be excluded from the calculation of amounts under sub-clause (III)(2) above;

(C) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, redemption, defeasance or other acquisition or retirement for value;

(D) the declaration or payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests on a *pro rata* basis;

(E) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(F) so long as no Potential Event of Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any Guarantor or any Preferred Stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the Consolidated Net Leverage Ratio test set forth in Condition 5(i)(i) (*Indebtedness*);

(G) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(H) so long as no Potential Event of Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed U.S.$25 million (or an equivalent amount in any other currency or currencies), since the Issue Date; *provided that* only Restricted Investments may be made prior on or before 31 December 2026 and any Restricted Payments (including Restricted Investments) may be made on or after 1 January 2027, in each case pursuant to this clause (H); and

(I) so long as no Potential Event of Default or Event of Default has occurred and is continuing, any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio on a *pro forma* basis after giving effect to any such Restricted Payment does not exceed 2.5 to 1.0.

(iii) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

(iv) Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

(h) No Limitations on Dividends from Restricted Subsidiaries:

(i) The Issuer shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(B) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(C) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness incurred by the Issuer or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

(ii) However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(A) agreements governing Existing Indebtedness as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date (as determined in good faith by the Board of Directors or a responsible accounting or financial officer of the Issuer);

(B) the Trust Deed, the Notes (including further issuances as described in Condition 19 (*Further Issues*)) and any Guarantee;

(C) applicable law, rule, regulation or order or the terms of any license, authorisation, approval, concession or permit or similar restriction;

(D) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of these Conditions to be incurred;

(E) customary non-assignment and similar provisions (including subletting restrictions) in contracts, leases and licenses (including, without limitation, licenses of intellectual property) entered into in the ordinary course of business;

(F) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business, Capital Lease Obligations and mortgage financings that impose restrictions on the property purchased or leased of the nature described in Condition 5(h)(i)(C);

(G) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the assets of a Restricted Subsidiary that restricts distributions by the applicable Restricted Subsidiary pending the sale or other disposition;

(H) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced (as determined in good faith by the Board of Directors or a responsible accounting or financial officer of the Issuer);

(I) Liens permitted to be incurred under the provisions of the covenant described in Condition 5(a) (*Negative Pledge*) that limit the right of the debtor to dispose of the assets subject to such Liens;

(J) provisions limiting the disposition or distribution of assets or property in, or transfer of Capital Stock of, joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitations are applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(K) agreements governing other Indebtedness of the Issuer or any of its Restricted Subsidiaries or the issuance of Preferred Stock by a Restricted Subsidiary or the payment of dividends thereon in accordance with the terms thereof permitted to be incurred subsequent to the Issue Date or issued, as applicable, under the covenant described in Condition 5(i) (*Indebtedness*); and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that such encumbrance or restriction contained in such Indebtedness is not materially more restrictive taken as a whole than customary in comparable financings in such jurisdictions as such Indebtedness is being incurred (as determined in good faith by the Board of Directors or a responsible accounting or financial officer of the Issuer);

(L) supermajority voting requirements existing under corporate charters, bylaws, stockholders agreements and similar documents and agreements;

(M) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(N) encumbrances or restrictions contained in Hedging Obligations permitted from time to time under these Conditions;

(O) restrictions on cash, Cash Equivalents or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case under contracts entered into in the ordinary course of business;

(P) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in this Condition 5(h)(ii); *provided* that the terms and conditions of any such encumbrances or restrictions are not materially more restrictive taken as a whole than those under or pursuant to the agreement so extended, renewed, refinanced or replaced (as determined in good faith by the Board of Directors or a responsible accounting or financial officer of the Issuer); and

(Q) encumbrances on property that exist at the time the property was acquired by the Issuer or Restricted Subsidiaries, *provided* that such encumbrance was not created in anticipation of such acquisition and is not applicable to any property other than the property so acquired.

(i) Indebtedness:

(i) The Issuer shall not, and shall not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness (including Acquired Debt) or issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; *provided*, *however*, that the Issuer and any Guarantor may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) or issue Preferred Stock, if the Consolidated Net Leverage Ratio for the Issuer's most recently ended four full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such additional Indebtedness is incurred is less than 3.5 to 1.0 determined on a *pro forma* basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the Preferred Stock has been issued, as the case may be, at the beginning of such four-quarter period.

(ii) Condition 5(i)(i) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):

(A) the incurrence by the Issuer of Indebtedness represented by the Notes to be issued on the Issue Date and the incurrence by any Guarantor of a Guarantee at any time;

(B) the incurrence by the Issuer or any of its Restricted Subsidiaries of Existing Indebtedness;

(C) the incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness, in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by these Conditions to be incurred under Condition 5(i)(i) or 5(i)(ii)(A), (B), (L) or this clause (C);

(D) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries; *provided*, *however*, that:

(1) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the relevant Guarantee, in the case of a Guarantor; and

(2) (x) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and (y) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (D);

(E) the issuance by any of the Issuer's Restricted Subsidiaries to the Issuer or to any of its other Restricted Subsidiaries of shares of Preferred Stock; *provided*, *however*, that:

(1) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Issuer or a Restricted Subsidiary; and

(2) any sale or other transfer of any such Preferred Stock to a Person that is not either the Issuer or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (E);

(F) the incurrence by the Issuer or any of its Restricted Subsidiaries of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible financial or accounting officer of the Issuer);

(G) the guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or a Restricted Subsidiary that was permitted to be incurred by another provision of this Condition 5(i); *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Guarantee, as applicable, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(H) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

(I) Indebtedness in respect of self-insurance obligations or captive insurance companies or consisting of the financing of insurance premiums in the ordinary course of business;

(J) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from agreements of the Issuer or any of its Restricted Subsidiaries providing for indemnification, obligations in respect of earnouts or other adjustment of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Subsidiary, *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(K) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of (x) letters of credit, bank guarantees, bid, performance, appeal, surety and similar bonds, completion guarantees, judgment, advance payment, customs, VAT or similar instruments issued for the account of the Issuer and any of its Restricted Subsidiaries in the ordinary course of business (in each case, (a) other than an obligation for money borrowed and (b) to the extent such obligations are reimbursed within 30 days of incurrence), including guarantees and obligations of the Issuer or any of its Restricted Subsidiaries with respect to letters of credit or similar instruments supporting such obligations or in respect of self-insurance and workers compensation obligations; and (y) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(L) Indebtedness or Preferred Stock of a Person (i) outstanding on the date on which such Person becomes a Restricted Subsidiary or is acquired by the Issuer or a Restricted Subsidiary or merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or a Restricted Subsidiary (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary) in accordance with these Conditions or (ii) incurred to provide all or any portion of the funds utilised to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by or merged into the Issuer or a Restricted Subsidiary; *provided*, *however*, with respect to this clause (L) that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred, (a) the Issuer would have been able to incur U.S.$1.00 of additional Indebtedness pursuant to Condition 5(i)(i) after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (L) or (b) the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be more than it was immediately prior to giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (L);

(M) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business;

(N) the incurrence by the Issuer or any Restricted Subsidiary of additional Indebtedness, or the issuance of Disqualified Stock by the Issuer or a Guarantor or any issuance by a Restricted Subsidiary of Preferred Stock and any Permitted Refinancing Indebtedness in respect thereof in an aggregate principal amount at any time outstanding not to exceed the greater of U.S.$25 million (or an equivalent amount in any other currency or currencies) and 7.5% of the Issuer's Consolidated Total Assets;

(O) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness or Preferred Stock, in each case, incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of design, development, construction, lease, installation or improvement of property (real or personal), plant or equipment that is used or useful in a Permitted Business (including Equity Interests of any Person owning such assets) (including any reasonable related fees or expenses incurred in connection therewith), and any Permitted Refinancing Indebtedness in respect thereof, in an aggregate principal amount at any time outstanding not to exceed the greater of U.S.$10 million (or an equivalent amount in any other currency or currencies) and 3% of the Issuer's Consolidated Total Assets;

(P) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof, will not exceed 100% of the net cash proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Equity Interests (other than Disqualified Stock) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Issuer, in each case, subsequent to the Issue Date; provided, however, that (i) any such net cash proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under Conditions 5(g)(i) and 5(g)(ii)(B) to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any net cash proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (P) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under Conditions 5(g)(i) and 5(g)(ii)(B) in reliance thereon; and

(Q) Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes and any Guarantee in an aggregate principal amount at any time outstanding not to exceed the greater of U.S.$50 million (or an equivalent amount in any other currency or currencies) (including any Subordinated Shareholder Funding) and 15% of the Issuer's Consolidated Total Assets; *provided* that the final maturity date of Indebtedness incurred pursuant to this clause (Q) is later than the Maturity Date of the Notes.

(iii) Notwithstanding the foregoing, the Issuer's Restricted Subsidiaries that are not a Guarantor may not, directly or indirectly, incur Non-Guarantor Debt in an aggregate principal amount at any time outstanding greater than U.S.$10 million (or an equivalent amount in any other currency or currencies) *less* the aggregate outstanding principal amount of Indebtedness secured by a Lien pursuant to clause (cc) of the definition of Permitted Liens (except, to avoid duplication, to the extent such Liens secure Non-Guarantor Debt).

(iv) The Issuer shall not incur, and shall not permit any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured, by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis.

(v) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness incurred pursuant to and in compliance with this covenant:

(A) in the event that an item or portion of an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in Condition 5(i)(ii), or is entitled to be incurred pursuant to Condition 5(i)(i), the Issuer, in its sole discretion, will be permitted to classify such item or portion of an item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses although the Issuer may divide and classify an item of Indebtedness in one or more of the types of Indebtedness and may later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant;

(B) guarantees of, or obligations in respect of letters of credit, bank guarantees, bankers' acceptances or other similar instruments relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included; and

(C) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

(vi) The amount of any Indebtedness outstanding as of any date will be:

(A) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(B) in the case of any Indebtedness owed to any export credit agency, adjusted to exclude the effect of the increase in the principal amount of such Indebtedness in accordance with IFRS resulting solely from the effect of the amortisation of the insurance premium initially applied to reduce the principal of the Indebtedness;

(C) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(D) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(1) the Fair Market Value of such assets at the date of determination; and

(2) the amount of the Indebtedness of the other Person; and

(E) in the case of Hedging Obligations, the net amount payable if such Hedging Obligations were terminated at that time due to default by such Person (after giving effect to any contractually permitted set-off).

(vii) The principal amount of any Disqualified Stock of the Issuer or a Guarantor, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

(viii) Accrual of interest, accrual of dividends, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Preferred Stock or Disqualified Stock for purposes of this covenant.

(ix) Notwithstanding any other provision of this covenant (including pursuant to any Permitted Refinancing Indebtedness permitted pursuant to this covenant), the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(x) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this Condition 5(i) the Issuer shall be in default of this covenant).

(xi) For purposes of determining compliance with any US dollar-denominated restriction on the incurrence of Indebtedness, the US dollar-equivalent principal amount of Indebtedness denominated in a different currency shall be utilised, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided*, *however*, that (x) if such Indebtedness denominated in non-US dollar currency is subject to a Currency Exchange Protection Agreement with respect to US dollars, the amount of such Indebtedness expressed in US dollars will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (y) the US dollar-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the US dollar-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(A) such US dollar-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the Permitted Refinancing Indebtedness will be determined in accordance with the preceding sentence;

(B) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the US dollar-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred; and

(C) the principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(j) Financial Information:

(i) The Issuer hereby undertakes that it will deliver to the Trustee and will make available on its website, within 120 days after the end of each of its financial years, its audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied with corresponding financial statements for the preceding period and together with the audit report of the Auditors thereon.

(ii) The Issuer hereby undertakes that it will deliver to the Trustee and will make available on its website, within 90 days after the end of the second quarter of each of its financial years, (starting with the six-month period ended 30 June 2024) copies of the Issuer's unaudited consolidated financial statements for the six month period then ended, prepared in accordance with IFRS consistently applied with corresponding financial statements for the preceding period and together with the review report of the Auditors thereon (if any).

(iii) The Issuer hereby undertakes that it will deliver to the Trustee and will make available on its website, within 60 days after the end of each of the first and third quarters of each of its financial years (starting with the nine-month period ended 30 September 2024), copies of the Issuer's unaudited consolidated financial statements for the relevant three or nine month period then ended, prepared in accordance with IFRS consistently applied with corresponding financial statements for the preceding period, which financial statements shall be neither audited nor reviewed.

(iv) The Issuer hereby undertakes that it will deliver to the Trustee, upon request and without delay, such additional information regarding the financial position or the business of the Issuer, any of its Subsidiaries and/or the Group as the Trustee may request.

(v) The Issuer hereby undertakes that if any of its Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would comprise 5.0% or more of the Consolidated EBITDA or Consolidated Total Assets of the Issuer and its Restricted Subsidiaries, in each case, as at the date of the balance sheet included in a report or financial statements required by clauses (i), (ii) and (iii) above, then the semi-annual and annual financial information required in such report or financial statements (as the case may be) will include a reasonably detailed description of the material differences between the results of operations of the Unrestricted Subsidiaries of the Issuer and the Issuer and its Restricted Subsidiaries.

(vi) In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer shall furnish to the holders of the Notes (with a copy to the

Trustee) and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(k) **Maintenance of Property**: The Issuer shall, and shall procure that its Material Subsidiaries shall, cause all property used in the conduct of its or their business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as, in the judgement of the Issuer or any such Material Subsidiary, may be reasonably necessary so that the business carried on in connection therewith may be properly conducted at all times.

(l) **Maintenance of Insurance**: The Issuer shall, and shall procure that its Material Subsidiaries shall, keep those of their properties which are of an insurable nature insured with insurers, believed by the Issuer or such Material Subsidiary to be of good standing, against loss or damage to the extent that property of similar character is usually so insured by corporations in the same jurisdictions similarly situated and owning like properties in the same jurisdiction.

(m) **Change of Business**: The Issuer shall not, and shall procure that no Material Subsidiary shall, make any material change to the general nature of the business of the Issuer, the relevant Material Subsidiary or the Group, as the case may be, from that carried on at the Issue Date.

(n) **Role of the Trustee:** Notwithstanding anything to the contrary contained in these Conditions:

(i) at no time shall the Trustee have any obligation to determine whether any relevant transaction, event, breach, disposal or payment would result in, or could be reasonably expected to cause or to have caused, a Material Adverse Effect and, at all times, the Trustee shall be entitled:

(A) to rely, without further enquiry, on any opinion of a Financial Adviser which confirms that, in the opinion of such Financial Adviser, the relevant transaction, event, breach, disposal or payment would or would not result in, or could be reasonably expected to cause or have caused, a Material Adverse Effect and, where the Trustee so relies, it shall suffer no liability to any Noteholder or any other relevant person for so doing; and/or

(B) to refrain from taking any action or providing any consent to the Issuer in relation to any relevant transaction, event, breach, disposal or payment under this Condition 5 in the absence of a direction from the Noteholders (by way of Extraordinary Resolution);

(ii) the Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter (including the Fair Market Value of any transaction) or the expediency of any transaction or thing an Officer's Certificate of the Issuer and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any losses or liabilities that may be occasioned by it or any other person acting on such certificate;

(iii) the Trustee shall be entitled to rely, without further enquiry, on any written opinion from the Auditors or from an Independent Appraiser delivered to the Trustee and, where the Trustee so relies, it shall suffer no liability to any Noteholder or any other relevant person for so doing; and

(iv) at no time shall the Trustee have any obligation to review any information provided to it under Condition 5(j) (*Financial Information*) or to perform any calculations in relation to figures provided in such financial statements or to monitor whether the Issuer or any of its Subsidiaries has complied or is complying with the provisions of this Condition 5 and, in the absence of express written notice to the contrary, shall be entitled to assume that the Issuer and each of its relevant Subsidiaries has complied in full with its obligations under this Condition 5.

6. INTEREST

Each Note bears interest from and including the Issue Date at the rate of 8.875% *per annum* payable semi-annually in arrear on 25 January and 25 July in each year (each an "**Interest Payment Date**"), commencing on 25 January 2025. Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day–count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

7. REDEMPTION AND PURCHASE

(a) Final Redemption: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for Taxation and Other Reasons: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee an Officer's Certificate stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Noteholders.

(c) Optional Redemption at Make Whole: At any time prior to 25 July 2026, the Issuer may, at its option, on giving not less than 15 nor more than 60 days' notice (the "**Call Option Notice**") to the Trustee and the Noteholders, redeem all or a part of the Notes, at the price which shall be the following:

(i) the aggregate principal amount of the outstanding Notes; *plus*

(ii) interest and any additional amounts or other amounts that may be due thereon (if any) accrued but unpaid to but excluding the date on which the call option is to be settled (the "**Call Settlement Date**"); *plus*

(iii) the Make Whole Premium.

The Call Option Notice shall specify the Call Settlement Date.

(d) Redemption at the Option of the Noteholders upon a Change of Control or Prohibited Person Event:

Upon the occurrence of a Change of Control or Prohibited Person Event (each as defined below), unless the Issuer has given notice to redeem all of the Notes as described under Conditions 7(b), 7(c) or 7(e), each Noteholder shall have the right to require that the Issuer repurchase all or any part of that Noteholder's Notes (in integral multiples of U.S.$1,000; *provided* that Notes of U.S.$200,000 or less may only be redeemed in whole and not in part) at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase *plus* accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of Noteholders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

For the purposes of this Condition 7(d), "**Change of Control**" means:

(i) the direct or indirect sale, lease, transfer, conveyance or other disposition (including by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries (taken as a whole) to any person other than one or more Permitted Holders; or

(ii) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of (i) the issued Capital Stock of the Issuer or (ii) the voting rights of the Issuer (including by trust, contract or otherwise), provided that for the purposes of this clause, any holding company whose only asset is the Capital Stock of the Issuer will not itself be considered a "person" or "group".

For the purposes of this Condition 7(d), "**Prohibited Person Event**" means:

(i) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that a Prohibited Person becomes the direct beneficial owner of any of (i) the issued Capital Stock of the Issuer or (ii) the voting rights of the Issuer (including by trust, contract or otherwise). For the avoidance of doubt, a Prohibited Person Event for the purpose of this Condition 7(d) will also be deemed to have occurred if a Prohibited Person acquires, by any means, the power to appoint and/or remove all or a majority of the members of the Board of Directors or any other governing body of the Issuer; or

(ii) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that a Prohibited Person becomes the direct or indirect beneficial owner of 5% or more of (i) the issued Capital Stock of Aqualia or (ii) the voting rights of Aqualia (including by trust, contract or otherwise).

Within 30 days following any Change of Control or Prohibited Person Event, unless the Issuer has given notice to redeem all of the Notes as described under Conditions 7(b), 7(c) or 7(e), the Issuer will notify the Noteholders (with a copy to the Trustee) in accordance with Condition 16 (*Notices*) (an offer upon the occurrence of a Change of Control, a "**Change of Control Offer**" and an offer upon the occurrence of a Prohibited Person Event, a "**Prohibited Person Event Offer**") stating:

(i) that a Change of Control or a Prohibited Person Event, as relevant, has occurred and that such Noteholder has the right to require the Issuer to purchase such Noteholder's Notes (in integral multiples of U.S.$1,000; *provided* that Notes of U.S.$200,000 or less may only be redeemed in whole and not in part) at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, *plus* accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of Noteholders of record on the relevant Record Date to receive interest on the relevant Interest Payment Date);

(ii) the circumstances and relevant facts regarding such Change of Control or Prohibited Person Event, as relevant;

(iii) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is made); and

(iv) the procedures determined by the Issuer, consistent with the Agency Agreement, that a Noteholder must follow in order to have its Notes purchased.

The Issuer will not be required to make a Change of Control Offer or a Prohibited Person Event Offer following a Change of Control or Prohibited Person Event, respectively, if a third party makes the Change of Control Offer or Prohibited Person Event Offer, respectively, in the manner, at the times and otherwise in compliance with the requirements of these Conditions and the Trust Deed applicable to a Change of Control Offer or a Prohibited Person Event Offer, respectively, made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or Prohibited Person Event Offer, respectively. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control and a Prohibited Person Event Offer may be made in advance of a Prohibited Person Event, conditioned upon the consummation of such Change of Control or Prohibited Person Event, respectively, if a definitive agreement is in place for the Change of Control or the Prohibited Person Event at the time the Change of Control Offer or Prohibited Person Event Offer, respectively, is made.

(e) Optional Redemption after Non-Call Period:

On or after 25 July 2026, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 15 nor more than 60 days' prior written notice, at the redemption prices (expressed as percentages of principal amount) set forth below, *plus* accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed on or after the dates indicated below, subject to the rights of Noteholders on the relevant record date to receive interest on the relevant interest payment date:

Date	Redemption Price
From (and including) 25 July 2026 to (but excluding) 25 July 2027	104.438%
From (and including) 25 July 2027 to (but excluding) 25 July 2028	102.219%
From (and including) 25 July 2028 to (but excluding) the Maturity Date	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(f) Redemption for Equity Offering:

i. At any time prior to 25 July 2026, the Issuer may, at its option, on any one or more occasions, upon not less than 15 days nor more than 60 days prior written notice, redeem up to 35% of the aggregate principal amount of the Notes at a redemption price equal to 108.875% of the principal amount of the Notes redeemed, plus accrued and unpaid interest (if any), to, but excluding, the applicable redemption date (subject to the right of Noteholders of record on the relevant record date to receive interest due on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings; *provided that*

(A) at least 65% of the aggregate principal amount of the Notes (excluding Notes held by the Issuer and its Affiliates) remains outstanding immediately after the occurrence of such redemption; and

(B) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

ii. Notices of redemption delivered in accordance with this Condition 7(f) (*Redemption for Equity Offering*) will specify (i) the date fixed for redemption, (ii) the amount to be redeemed, and (iii) the redemption price. Upon the expiry of any notice of redemption delivered in accordance with this Condition 7(f) *(Redemption for Equity Offering*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(f) (*Redemption for Equity Offering*). Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including but not limited to, completion of the related Equity Offering.

(g) Partial Redemption: If less than all of the Notes are to be redeemed at any time and such Notes are in definitive form, selection of such Notes for redemption will be made in compliance with the rules, if any, of any stock exchange on which the Notes are listed or, if such Notes are not then listed or there are no such applicable rules, such Notes shall be selected by the drawing of lots in such place and in such manner as is fair and reasonable in the circumstances taking account of prevailing market practices. If less than all of the Notes are to be redeemed at any time and such Notes are in global form and held through the clearing systems, selection of such Notes for redemption will be made in compliance with the rules, if any, of any stock exchange on which the Notes are listed and in the manner prescribed by the relevant clearing system. Where some but not all of the Notes in respect of which a Certificate is issued are to be redeemed, the notice of redemption that relates to such Certificate shall state the portion of the principal amount of the Notes to be redeemed, and where applicable, a new Certificate in a principal amount equal to the unredeemed Notes will be issued in the name of the Noteholder thereof upon cancellation of the original Certificate. Any such new

Certificate will be delivered to the specified office of an Agent or (at the risk and, if mailed at the request of the Noteholders otherwise than by ordinary uninsured mail, at the expense of the Noteholder) sent by mail to the Noteholder.

(h) **Purchase**: The Issuer and its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or whether any required threshold for Noteholder directions or instructions has been met for the purposes of Condition 13(a) (*Meetings of Noteholders*) or Condition 14 (*Enforcement*) or the relevant provisions of the Trust Deed.

(i) **Cancellation**: All Certificates representing Notes purchased by or on behalf of the Issuer (provided the aggregate principal amount of such Notes is not less than U.S.$1 million) may be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Notes shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and any Guarantor in respect of any such Notes and any related Guarantee shall be discharged.

(j) **Notices Final:** Upon the expiry of any notice as is referred to in paragraph 7(b), 7(c), 7(d), 7(e) or 7(f) above, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph, other than in the case of paragraphs 7(c), 7(e) and 7(f) where such notice may, at the Issuer's discretion, state that the redemption of the Notes to which such notice refers is subject to the satisfaction of one or more conditions precedent (including, without limitation, the incurrence of Indebtedness the proceeds of which will be used to redeem the Notes or the completion of the relevant Equity Offering), in which case such notice shall state that, in the Issuer's discretion and upon the Noteholders being given such period of notice (if any) as is specified in the notice, the applicable redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the applicable redemption date, or by the redemption date as it is so delayed.

8. PAYMENTS

(a) **Method of Payment:**

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the fifteenth Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest and principal on each Note shall be made by transfer to an account maintained by the payee with a bank.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Appointment of Agents**: The Principal Paying Agent, the Registrar, and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Agent, the Registrar, or any Transfer Agent and to appoint additional or other Agents, *provided* that the Issuer shall at all times maintain (i) a

Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(d) **Delay in Payment**: Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) **Non-Business Days**: If any date for payment in respect of any Note is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

9. TAXATION

All payments of principal and interest by or on behalf of the Issuer and/or any Guarantor in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event the Issuer and/or any Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note presented for payment:

(a) **Other connection**: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Georgia other than the mere holding of the Note; or

(b) **Exemption**: by or on behalf of a holder who is able to avoid such taxes, duties, assessments or governmental charges in respect of such Note by satisfying any statutory requirements or by making a declaration of non-residence or other claim for exemption to the relevant tax authority; or

(c) **Surrender more than 30 days after the Relevant Date**: more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of this Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of this Condition 9) any law implementing an intergovernmental approach thereto.

In these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, *provided* that payment is in fact made upon such surrender; and any reference to principal or interest shall be deemed to include any premium which may be payable by the Issuer under Condition 7 (*Redemption and Purchase*).

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (*provided* that the Trustee shall have been indemnified and/or pre-funded and/or secured to its satisfaction), give written notice to the Issuer that the Notes are, and they shall immediately become, due and payable at 100% of their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: the Issuer or the Guarantor fail to pay the principal of, any interest or any other sum due on any of the Notes or the Guarantee (as applicable) or due pursuant to the Trust Deed when due and such failure to pay is not remedied within five days of the due date for payment; or

(b) **Breach of Other Obligations**: the Issuer or the Guarantor do not perform or comply with any one or more of their other obligations (other than those in Condition 10(a)) in the Notes or the Trust Deed which default is incapable of remedy or, in the opinion of the Trustee, if it is capable of remedy, it is not remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or

(c) **Payment Default and Cross-Acceleration**: default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary (or the payment of which is guaranteed by the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary) other than Indebtedness owed to the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary, whether such Indebtedness or guarantee exists on the Issue Date, or is created after the Issue Date, which default: (x) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or (y) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"); and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates U.S.$20 million (or an equivalent amount in any other currency or currencies) or more; or

(d) **Insolvency:**

(i) the occurrence of any of the following events: (A) the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary seeking, consenting or acquiescing in the introduction of proceedings for its liquidation or bankruptcy or the appointment to it of a liquidation commission, temporary administration or a similar officer; (B) the presentation or filing of a petition in respect of the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary in any court or arbitration forum or before any Agency alleging its bankruptcy, insolvency, dissolution or liquidation or adoption of any resolution by any Agency in respect of any of the foregoing, except, in the case of any presentation or filing of a petition, where such presentation or filing is (x) initiated by any Person which is not a member of the Group or a Holding Company of any member of the Group; and (y) discharged or dismissed within 60 days from the date of presentation or filing; (C) the institution of supervision, temporary administration, external management, liquidation, rehabilitation or bankruptcy management to the Issuer, any Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary; (D) the convening of a meeting of creditors of the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary for the purposes of considering an amicable settlement; or (E) any extra-judicial liquidation or analogous act in respect of the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary by any Agency in or of Georgia; or

(ii) the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary: (A) fails or is unable to pay its debts generally as they become due; or (B) consents by answer or otherwise to the commencement against it of an involuntary case in bankruptcy or to the appointment of a custodian of it or of a substantial part of its property; or (C) an Agency or court of competent jurisdiction declares the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary to be insolvent or bankrupt or enters an order for relief or a decree in an involuntary case in bankruptcy or for the appointment of a custodian in respect of the Issuer, the Guarantor, any Material Subsidiary, any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary or any part of their respective property; or

(iii) the shareholders of the Issuer approve any plan for the liquidation or dissolution of the Issuer; or

(e) **Unsatisfied Judgments, Governmental or Court Actions**: the aggregate amount of unsatisfied judgments, decrees or orders of courts or other appropriate law enforcement bodies for the payment of money against the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary exceeds U.S.$10 million (or an equivalent amount in any other currency or currencies), or any such unsatisfied judgment, decree or order results in (a) the management of the Issuer, the Guarantor or any Material Subsidiary being wholly or partially displaced or the authority of the Issuer, any Guarantor or any Material Subsidiary in the conduct of its business being wholly or partially curtailed or (b) all or a majority of the issued shares of the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary or the whole or any part (comprising 20.0% or more) of the Consolidated Total Assets of the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary, as the case may be, which are being seized, nationalised, expropriated or compulsorily acquired; or

(f) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Condition 10(d) or Condition 10(e); or

(g) **Execution and Distress**: any execution or distress is levied against, or an encumbrancer takes possession of or sells, the whole or any material part (on a consolidated basis) of, the property, undertaking, revenues or assets of the Issuer, the Guarantor, any Material Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Material Subsidiary; or

(h) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, decree, approval, authorisation, exemption, filing, licence, order, recording, registration or other authority) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their material rights and perform and comply with their payment obligations under the Notes, the Guarantee and the Trust Deed, their obligations under Condition 5 (*Covenants*) and their other material obligations under the Notes, the Guarantee, the Trust Deed or the Agency Agreement, (ii) to ensure that those Obligations are legally binding and enforceable and (iii) to make the Notes, the Guarantee, the Trust Deed and the Agency Agreement admissible in evidence in the courts of England is not taken, fulfilled or done; or

(i) **Validity and Illegality**: the validity of the Notes, the Guarantee, the Trust Deed or the Agency Agreement is contested by the Issuer and/or the Guarantor or the Issuer and/or the Guarantor deny any of their obligations under the Notes, the Guarantee, the Trust Deed or the Agency Agreement or they are, or will become, unlawful for the Issuer and/or the Guarantor to perform or comply with any one or more of their obligations under any of the Notes, the Guarantee, the Trust Deed or the Agency Agreement or any of such obligations becomes unenforceable or ceases to be legal, valid and binding.

The Issuer and the Guarantor have undertaken in the Trust Deed that they will promptly upon becoming aware of the same inform the Trustee of the occurrence of any Event of Default or event or circumstance that would, with the giving of notice, lapse of time and/or issue of a certificate, become an Event of Default (a "**Potential Event of Default**").

The Issuer and the Guarantor have also undertaken in the Trust Deed that they shall, within 14 days of the Issuer's annual audited financial statements being made available to its members, within 14 days of each Interest Payment Date and also within 14 days of any request by the Trustee, send to the Trustee an Officer's Certificate confirming that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate, no Event of Default or Potential Event of Default has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event has occurred, giving details of it and that, during the period from and including the Certification Date of the last such certificate or (if none) the date of the Trust Deed, the Issuer and the Guarantor have complied with all their obligations contained in these Conditions and the Trust Deed (including Condition 5 (*Covenants*) or (if such is not the case) specifying the respects in which they have not complied.

The Trustee shall be entitled to rely conclusively upon such certificates and shall not be liable to any person by reason thereof.

11. PRESCRIPTION

Claims against the Issuer and the Guarantor for payment in respect of the Notes and the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (*provided* that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification or abrogation of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10.0% in principal amount of the Notes for the time being outstanding (as defined in the Trust Deed). The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes, inter alia, consideration of the following proposals: (i) to change any date fixed for payment of principal or interest in respect of the Notes; (ii) to reduce the amount of principal or interest payable on any date in respect of the Notes; (iii) to alter the method of calculating the amount of any payment in respect of the Notes (except where such alteration is, in the opinion of the Trustee, bound to result in an increase) or the date for any such payment; (iv) to change the amount of principal and interest payable in respect of the Notes; (v) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other entity; (vi) to change the currency of payments under the Notes; (vii) to change or modify the Guarantee; (viii) to change the quorum requirements relating to Noteholders' meetings or the majority required to pass an Extraordinary Resolution; (ix) to alter the governing law of the Conditions or the Trust Deed; or, (x) without prejudice to the rights under Condition 13(b) below, change the definition of "Events of Default" under these Conditions, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding will for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification of the Trust Deed, Waiver and Determination**: The Trustee may agree with the Issuer, without the consent of the Noteholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or may determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, *provided* that, in any such case, it is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation, waiver or determination shall be binding on the Noteholders and, if the Trustee so requires, such modification, authorisation, waiver or determination shall be notified to the Noteholders as soon as practicable.

(c) **Substitution**: The Trust Deed contains provisions permitting the Trustee to agree with the Issuer and any Guarantor, subject to the conditions provided for in the Trust Deed (including that the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution) and to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of any Subsidiary of the Issuer or its successor in business (subject to Condition 5(c) (*Mergers and Consolidations*)) in place of the Issuer or any Guarantor, or of any previous substituted company, as principal debtor or as a Guarantor, as applicable, under the Trust Deed, the Notes and the Guarantee. In the case of such a substitution the Trustee may agree with the Issuer and Guarantor, without the consent of the Noteholders, to a change of the law governing the Notes, the Guarantee and/or the Trust Deed, *provided* that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Under the Trust Deed, if the Issuer's Successor in Business or any Subsidiary of the Issuer or any Guarantor or its Successor in Business (the "**Substituted Obligor**") is subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "**Substituted Territory**") other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the "**Issuer's Territory**") or to which the relevant Guarantor is subject generally (the "**Guarantor's Territory**"), the Substituted Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 9 (*Taxation*) with the substitution for the references in that Condition to the Issuer's Territory or the Guarantor's Territory, as the case may be, of references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly.

(d) **Entitlement of the Trustee**: In connection with the exercise of its trusts, powers, authorities, discretions and other functions (including but not limited to those referred to in this Condition 13) the Trustee shall have regard to the general interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) and, in particular but without limitation, the Trustee shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Guarantor, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 (*Taxation*).

14. ENFORCEMENT

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Guarantee, but it need not take any such proceedings and/or other steps or action unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction. No Noteholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing. The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

15. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for it to be paid its costs and expenses in priority to the claims of the Noteholders and for its relief from responsibility and liability towards the Issuer, the Guarantor and Noteholders, including *inter alia* (a) provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction and (b) provisions limiting or excluding its liability in certain circumstances. The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (x) to enter into business transactions with the Issuer, the Guarantor or any of their Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of their Subsidiaries, (y) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (z) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely without liability to Noteholders on a report, information, confirmation or certificate from, or any opinion or advice of any auditors, lawyers, valuers, auctioneers, surveyors, brokers, independent appraiser, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, information, confirmation, certificate, opinion or advice and such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Noteholders.

16. NOTICES

Notices to the holders of Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes and the Guarantee under the Contracts (Rights of Third Parties) Act 1999.

18. DEFINITIONS

Expressions used in these Conditions shall have the following meanings:

"**Acquired Debt**" means, with respect to any specified Person:

(a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"**Additional Guarantees**" has the meaning given to such term in Condition 4 (*Guarantee*).

"**Additional Guarantors**" has the meaning given to such term in Condition 4 (*Guarantee*).

"**Affiliate**" of any specified Person means (a) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person (for the purposes of this definition, "**control**" when used with respect to any Person means the power to direct or cause the direction of the management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise) or (b) any other Person who is a director, supervisory board member or officer of such specified Person, of any Subsidiary of such specified Person or of any other Person described in (a).

"**Affiliate Transaction**" has the meaning given to such term in Condition 5(e) (*Transactions with Affiliates*).

"**Agency**" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body.

"**Agency Agreement**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Agents**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Aqualia**" means FCC Aqualia S.A., and any successor thereto (by merger, consolidation, transfer, conversion of legal form or otherwise).

"**Asset Sale**" means (x) the sale, lease, conveyance or other disposition of any assets or rights by the Issuer or any Restricted Subsidiary; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, will be governed by the provisions of the Trust Deed described in Condition 7(d) (*Redemption at the Option of the Noteholders upon a Change of Control or Prohibited Person Event*) and/or the provisions described in Condition 5(c) (*Mergers and Consolidation*) and not by the provisions of Condition 5(d) (*Asset Sales*); and (y) the sale by the Issuer or any of its Restricted Subsidiaries of Equity Interests in any of its or their Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

(a) any single transaction or series of related transactions that involves assets of the Issuer or any Restricted Subsidiary or Equity Interests of any Restricted Subsidiary, having a Fair Market Value of less than the greater of U.S.$5 million (or an equivalent amount in any other currency or currencies) and 1.5 % of the Issuer's Consolidated Total Assets;

(b) a transfer of assets or Equity Interests between or among the Issuer and its Restricted Subsidiaries or between or among Restricted Subsidiaries;

(c) an issuance of Equity Interests by a Restricted Subsidiary to the Issuer or to a Restricted Subsidiary;

(d) the sale or lease of products, services, equipment, accounts receivable or other assets in the ordinary course of business;

(e) any sale or other disposition of damaged, unserviceable, worn-out or obsolete assets in the ordinary course of business;

(f) the sale or other disposition of cash or Cash Equivalents in the ordinary course of business;

(g) for purposes of Condition 5(d) (*Asset Sales*) only, the making of a Permitted Investment or any other transaction expressly allowed pursuant to Condition 5(g)(ii) (*Restricted Payments*);

(h) granting of Liens not prohibited by the covenant described in Condition 5(a) (*Negative Pledge*);

(i) the licensing or sublicensing of intellectual property and licenses, leases or subleases of other property in the ordinary course of business and which do not materially interfere with the business of the Issuer and its Restricted Subsidiaries, taken as a whole;

(j) a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind in the ordinary course of business;

(k) sale or discounting of accounts receivable in the ordinary course of business, dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(l) foreclosure, condemnation or any similar action with respect to any property or other assets and any sale of assets received by the Issuer or any of its Restricted Subsidiaries upon the foreclosure of any Lien; or

(m) unwinding of Hedging Obligations.

"**Asset Sale Offer**" has the meaning given to such term in Condition 5(d) (*Asset Sales*).

"**Auditors**" means the auditors of the consolidated financial statements of the Group from time to time.

"**Board of Directors**" means (a) generally: (i) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorised to act on behalf of such board, (ii) with respect to a partnership, the board of directors of the general partner of the partnership, (iii) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof, (iv) with respect to joint stock companies formed under the laws of Georgia, the supervisory board thereof (if any) or, in absence of the supervisory board, the shareholder(s) meeting thereof, (v) with respect to limited liability companies formed under the laws of Georgia, the supervisory board (if any) or, in absence of the supervisory board, the partner(s) meeting thereof and, and (vi) with respect to any other Person, the board or committee of such Person serving a similar function; and (b) with respect to the Issuer, its supervisory board from time to time.

"**Business Day**" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including in foreign exchange and foreign currency deposits) in New York City, London and Tbilisi and, in the case of presentation or surrender of a Certificate, in the place of the specified office of the Registrar or relevant Agent, to whom the relevant Certificate is presented or surrendered.

"**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalised on a balance sheet prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid or terminated by the lessee without payment of a penalty.

"**Capital Stock**" means:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or, membership interests; and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Cash Equivalents**" means:

(a) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union, the United States of America, Switzerland or Canada, as the case may be, having maturities of not more than twelve months from the date of acquisition and which are not callable or redeemable at the Issuer's option;

(b) any investment in internationally issued and placed securities issued by or guaranteed by the government of Georgia or NBG up to a limit of U.S.$50 million (or an equivalent amount in any other currency or currencies) at any time;

(c) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers' acceptances (and similar instruments) having maturities of not more than twelve months from the date of acquisition thereof issued by any commercial bank provided that either (i) the long term debt of such bank is rated at the time of acquisition thereof at least "A+" or the equivalent thereof by S&P, or "A1" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognised rating agency, and having combined capital and surplus in excess of U.S.$250 million (or the foreign currency equivalent thereof as of the date of such investment) or (ii) such bank has its primary registration in a jurisdiction in which the Issuer or a Restricted Subsidiary conducts its business or is organized and which (x) would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top ten such banks registered in such jurisdiction and (y) the long term debt of such bank is rated at the time of acquisition at least "B1" by Moody's or "B+" by Fitch;

(d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above;

(e) commercial paper having one of the two highest ratings obtainable from S&P or Moody's, or carrying an equivalent rating by an internationally recognised rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and

(f) interests in any investment company or money market fund the assets of which consist of at least 95% or more of Cash Equivalents of the type referred to in clauses (a) through (d) above.

"**Certificates**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Certification Date**" has the meaning given to such term min Condition 10 (*Events of Default*).

"**Change of Control**" has the meaning given to such term in Condition 7(d) (*Redemption at the Option of Noteholders upon a Change of Control or Prohibited Person Event*).

"**Change of Control Offer**" has the meaning given to such term in Condition 7(d) (*Redemption at the Option of Noteholders upon a Change of Control or Prohibited Person Event*).

"**Code**" has the meaning given to such term in Condition 9 (*Taxation*).

"**Conditions**" means the terms and conditions of the Notes.

"**Consolidated EBITDA**" means, without duplication, the Consolidated Net Income of the Issuer and its Restricted Subsidiaries for any period, *plus* the following to the extent deducted in calculating such Consolidated Net Income and without duplication with any other item excluded pursuant to the definition of Consolidated Net Income:

(a) Consolidated Interest Expense;

(b) Consolidated Income Taxes;

(c) consolidated depreciation expense;

(d) consolidated amortisation expense;

(e) consolidated foreign exchange gains or losses;

(f) other non-cash charges, write-downs or items reducing Consolidated Net Income including, but not limited to, write-off of goodwill, loss on the sale of equipment or any other disposal of assets, provisions and recovery of provisions for asset impairment, and inventory write-down, and any items classified by the Issuer as special, extraordinary, exceptional, unusual or nonrecurring items *less* other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period),

in each case, for such period on a consolidated basis determined in accordance with IFRS.

"**Consolidated Income Taxes**" means Taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"**Consolidated Interest Expense**" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, *plus* or including (without duplication) any interest, costs and charges consisting of:

(a) interest expense attributable to Capital Lease Obligations;

(b) amortisation of debt discount, debt issuance cost and premium;

(c) non-cash interest expense (excluding any non-cash interest expense on Subordinated Shareholder Funding);

(d) commissions, discounts and other fees and charges owed with respect to financings not included in clause (b) above; and

(e) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the net income/(loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS and without any reduction in respect of Preferred Stock dividends; *provided*, however, that there will not be included in such Consolidated Net Income:

(a) consolidated depreciation expense;

(b) consolidated amortisation expense;

(c) any net gain (or loss) realised upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an officer or the Board of Directors of the Issuer);

(d) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value of changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations; and

(e) the impact of capitalised, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"**Consolidated Net Leverage**" means, with respect to any specified Persons and as at any date of determination, an amount equal to (and without duplication) the aggregate of (a) Indebtedness of the specified Person and its Restricted Subsidiaries on a consolidated basis as calculated in accordance with the then most recently available consolidated financial statements of such Person prepared in accordance with IFRS (excluding, for the avoidance of doubt, any Non-Recourse Indebtedness of an Unrestricted Subsidiary), *less* (b) the aggregate cash and Cash Equivalents of such Person and its Restricted Subsidiaries on a consolidated basis in accordance with IFRS (other than cash and/or Cash Equivalents which are the proceeds of Indebtedness incurred on the date of determination in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made).

"**Consolidated Net Leverage Ratio**" means, with respect to any specified Person and as at any date of determination, the ratio of Consolidated Net Leverage of such Person on such date to Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters for which consolidated financial statements for the specified Person (prepared in accordance with IFRS) are publicly available (or are made available) immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued, as the case may be. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary course working capital borrowings) or issues, repurchases or redeems Preferred Stock subsequent to the commencement of the period for which the Consolidated EBITDA is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "**Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(a) acquisitions of businesses or assets that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or other business combinations and including any related financing transactions during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (or that are to be made on the Calculation Date), will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA and Consolidated Net Leverage for such reference period will be calculated on a *pro forma* basis in accordance with IFRS;

(b) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(d) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(e) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For the purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Income, *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer. Notwithstanding anything else in the Trust Deed and/or these Conditions, in determining the Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of the incurrence of which the calculation of the Consolidated Net Leverage Ratio is to be made.

"**Consolidated Total Assets**" means, with respect to any specified Person and as at any date of determination, the consolidated total assets of such Person and its consolidated Subsidiaries, shown in the most recently available consolidated accounts prepared by such Person in accordance with IFRS.

"**Currency Exchange Protection Agreement**" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"**Dispute**" has the meaning given to such term in Condition 20 (*Governing Law and Jurisdiction*).

"**Disqualified Stock**" means Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is six months after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Condition 5(g) (*Restricted Payments*).

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Equity Offering**" means an underwritten primary public offering of ordinary shares of the Issuer to the extent the proceeds of such offering are received by and contributed to the equity capital of the Issuer.

"**Event of Default**" has the meaning given to such term in Condition 10 (*Events of Default*).

"**Excess Proceeds**" has the meaning given to such term in Condition 5(d) (*Asset Sales*).

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Existing Indebtedness**" means all Indebtedness of the Issuer and its Subsidiaries in existence as at the Issue Date, assuming any facilities are fully drawn.

"**Extraordinary Resolution**" means a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least (a) 75% of the votes cast, (b) by a written resolution or (c) by an Electronic Consent (as defined in the Trust Deed).

"**Fair Market Value**" of a transaction means the value that would be obtained in an arm's-length commercial transaction between an informed and willing seller (under no undue pressure or compulsion to sell) and an informed, unaffiliated and willing buyer (under no undue pressure or compulsion to buy), determined in good faith by a responsible accounting or financial officer of the Issuer.

"**Financial Adviser**" means an independent credit or financial services institution of international repute and appropriate expertise appointed by the Issuer and approved by the Trustee. The Trustee shall be entitled to approve (and shall suffer no liability for so approving) such credit or financial services institution if it has received an Officer's Certificate from the Issuer stating that, in the Issuer's opinion (having made reasonable enquiries), such credit or financial services institution (a) has the necessary expertise to perform the role of Financial Adviser, (b) is of international repute and (c) is independent.

"**Fitch**" means Fitch Ratings Limited, its affiliates and any successor to its ratings business.

"**Group**" means the Issuer and its Subsidiaries, from time to time, taken as a whole.

"**Guarantee**" has the meaning given to such term in Condition 4 (*Guarantee*).

"**guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay all or any part of such Indebtedness, including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness.

"**Guarantor**" means, Georgian Water and Power LLC, unless and until such time as a successor replaces the Guarantor and/or an Additional Guarantor is named in accordance with Conditions 5(c)(ii) (*Mergers and Consolidations*) and 4(c) (*Additional Guarantors*), respectively, in which case thereafter references to Guarantor will include such successor and/or Additional Guarantor (as applicable).

"**Guarantor Testing Date**" has the meaning given to such term in Condition 4(c)(i) (*Additional Guarantee*).

"**Hedging Obligation**" means, with respect to any specified Person, the obligations of such Person under:

(a) currency exchange, interest rate or commodity swap agreements, currency swap, interest rate or commodity cap agreements, currency exchange, interest rate or commodity collar agreements and foreign exchange contracts or futures contracts;

(b) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(c) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"**Holding Company**" means any Person who (a) directly or indirectly controls the affairs and policies of the Issuer or (b) owns directly or indirectly more than 50% of the capital, Voting Stock or other right of ownership of the Issuer and "**control**", as used in this definition, means the power to direct the management and the policies of the Issuer, whether through the ownership of share capital, by contract or otherwise.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time) as endorsed by the European Union as in effect at any given time.

"**Indebtedness**" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables, and without duplication):

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments;

(c) representing reimbursement obligations in respect of letters of credit, bank guarantees, banker's acceptances or similar instruments (except to the extent any such reimbursement obligations relate to trade payables), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(d) representing Capital Lease Obligations;

(e) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(f) representing any Hedging Obligations;

(g) any amount raised under any other transaction (including without limitation any forward sale or purchase agreement) having the economic or commercial effect of a borrowing, and the amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above; or

(h) all Indebtedness of others secured by a Lien on any asset of the specified Person, whether or not such Indebtedness is assumed by the specified Person (*provided, however*, that the amount of such Indebtedness will be the lesser of (i) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Issuer) and (ii) the amount of such Indebtedness of such other Persons), and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

provided that the foregoing indebtedness shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS.

The aggregate amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be equal to the total amount of funds borrowed and then outstanding.

The term "**Indebtedness**" shall not include:

(a) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes;

(b) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(c) deposits or prepayments received by the Issuer or a Restricted Subsidiary for services or products to be provided or delivered.

"**Independent Appraiser**" means an investment banking firm or third-party expert in the matter to be determined of international standing selected by the Issuer and approved by the Trustee, *provided* that the Issuer has confirmed to the Trustee in writing that such firm or third-party appraiser is not an Affiliate of the Issuer.

"**Interest Payment Date**" has the meaning given to such term in Condition 6 (*Interest*).

"**Interest Period**" has the meaning given to such term in Condition 6 (*Interest*).

"**Investments**" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including by way of guarantee or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Issuer or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in clause (iii) of Condition 5(g) (*Restricted Payments*). The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in clause (iii) of Condition 5(g) (*Restricted Payments*). Except as otherwise provided in these Conditions, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

For purposes of the definition of "Unrestricted Subsidiary", the definition of "Restricted Payment" and Condition 5(g) (*Restricted Payments*):

(a) "**Investment**" shall include the portion (proportionate to the Issuer's Capital Stock in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to (i) the Issuer's "Investment" in such Subsidiary at the time of such redesignation *less* (ii) the portion (proportionate to the Issuer's Capital Stock in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(b) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

"**Issue Date**" means 25 July 2024.

"**Issuer**" means Georgia Global Utilities JSC, unless and until such time as a successor replaces it in accordance with Condition 5(c)(i) (*Mergers and Consolidations*) and thereafter means such successor.

"**LCIA**" has the meaning given to such term in Condition 20 (*Governing Law and Jurisdiction*).

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the laws of any jurisdiction.

"**Make Whole Premium**" means, with respect to any Note redeemed pursuant to Condition 7(c) (*Optional Redemption at Make Whole*) on any redemption date, the greater of:

(a) 1% of the principal amount of the Note; or

(b) the excess of: (i) the present value at such redemption date of (x) the redemption price of such Note at 25 July 2026 (such redemption price being set forth in the table appearing in Condition 7(e) (*Optional Redemption after Non-Call Period*)), *plus* (y) all required interest payments that would otherwise be due to be paid on such Note from the Call Settlement Date through 25 July 2026 (excluding accrued but unpaid interest to the redemption date), calculated using a discount rate equal to the Treasury Rate at the Call Settlement Date plus 50 basis points, over (ii) the outstanding aggregate principal amount of the Note at the Call Settlement Date,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage. For the avoidance of doubt, the calculation of the Make Whole Premium shall not be a duty or obligation of the Trustee, the Registrar or any Paying Agent.

"**Material Adverse Effect**" means a material adverse change in, or material adverse effect on, (a) the business, properties, condition (financial or otherwise), results of operations or prospects of the Issuer or the Group, (b) the Issuer's and/or the Guarantor's ability to perform their obligations under the Notes, the Guarantee or the Trust Deed (as applicable) or (c) the validity or enforceability of Notes, the Guarantee or the Trust Deed.

"**Material Subsidiary**" means any Subsidiary (other than an Unrestricted Subsidiary) of the Issuer which meets any of the following conditions:

(a) its share of Consolidated Total Assets (on a standalone basis, after intercompany eliminations and determined in accordance with IFRS) exceeds 10.0% of the Consolidated Total Assets of the Issuer and its Restricted Subsidiaries as of the end of the most recently completed financial year;

(b) its share of Consolidated EBITDA (on a standalone basis, after intercompany eliminations and determined in accordance with IFRS) exceeds 10.0% of such Consolidated EBITDA of the Issuer and its Restricted Subsidiaries for the most recently completed financial year;

(c) it is a Subsidiary to which is transferred substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (with effect from the date of such transaction); or

(d) is a Guarantor.

"**Maturity Date**" means 25 July 2029.

"**Moody's**" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors or assigns.

"**NBG**" means the National Bank of Georgia.

"**Net Proceeds**" means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or any Cash Equivalents received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation:

(a) all legal, accounting, investment banking, commissions and other fees and expenses incurred, title and recording tax expenses, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Sale after taking into account any available tax credits or deductions and any tax sharing arrangements;

(b) all payments made on any Indebtedness which is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law be repaid out of the proceeds from such Asset Sale;

(c) all distributions and other payments required to be made to holders of minority interests in Subsidiaries or joint ventures as a result of such Asset Sale; and

(d) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, or held in escrow, in either case for adjustment in respect of the sale price or for any liabilities associated with the assets disposed of in such Asset Sale and retained by the Issuer or any Restricted Subsidiary after such Asset Sale.

"**Non-Guarantor Debt**" means the total amount of Indebtedness incurred by each of the Issuer's Restricted Subsidiaries that is not a Guarantor under (a) Conditions 5(i)(i), 5(i)(ii)(G) (to the extent a Restricted Subsidiary that is not a Guarantor guarantees Indebtedness of the Issuer (other than the Notes) or a Guarantor) and 5(i)(ii)(N) and (b) any Permitted Refinancing Indebtedness in respect thereof or hereof.

"**Non-Recourse Indebtedness**" means Indebtedness with respect to which:

(a) none of the Issuer and the Restricted Subsidiaries (i) provides credit support or security of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (ii) is directly or indirectly liable as a guarantor or otherwise, or (iii) constitutes the lender;

(b) no default (including any rights that the holders thereof may have to take enforcement action against the obligor thereof) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of any of the Issuer or the Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity; and

(c) the lenders or holders thereof expressly agree that they will look for payment solely to the assets or properties of such Unrestricted Subsidiary.

"**Noteholder**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"**OFAC**" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"**Officer's Certificate**" means a certificate signed by an officer of the Issuer or a Guarantor or, for purposes of Condition 5(c) (*Mergers and Consolidations*), a Successor Entity.

"**Opinion of Counsel**" means a written opinion from legal counsel reasonably satisfactory to the Trustee. Such legal counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"**Parent**" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date resulting in such Person possessing the direct or indirect power to direct or cause the direction of the management and policies of the Issuer, whether through ownership of voting securities, by contract or otherwise.

"Pari Passu Indebtedness" means (a) any Indebtedness of the Issuer that ranks equally in right of payment to the Notes and (b) with respect to any Guarantee, Indebtedness that ranks equally in right of payment to such Guarantee.

"Permitted Business" means any business, services or activities engaged in by the Issuer or any of its Restricted Subsidiaries on the Issue Date, and in each case all activities reasonably necessary to, or undertaken in connection with, the foregoing, or any business activity that is a reasonable extension, development or expansion thereof or ancillary thereto, or any business reasonably related thereto.

"Permitted Debt" has the meaning given to such term in Condition 5(i)(ii) (*Indebtedness*).

"Permitted Holder" means, collectively, (1) Aqualia and any Affiliate thereof (including, for the avoidance of doubt, any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) that is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of (i) the issued Capital Stock of Aqualia or (ii) the voting rights of Aqualia (including by trust, contract or otherwise)) and (2) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made, or any one or more Persons whose beneficial ownership constitutes or results in a Prohibited Person Event in respect of which a Prohibited Person Event Offer is made, in each case, in accordance with the requirements of the Trust Deed and these Conditions. Any person or group that includes a Permitted Holder shall also be deemed to be a Permitted Holder, provided that Permitted Holders as defined in clauses (1) and (2) above retain exclusive beneficial ownership and control of at least 50.1% of the total voting power of the Voting Stock of the Issuer beneficially owned by any group that becomes a Permitted Holder at any time as a result of the application of this sentence (without giving effect to the existence of such group or any other group).

"**Permitted Investment**" means:

(a) any Investment in the Issuer or any Restricted Subsidiary;

(b) any Investment in cash and Cash Equivalents;

(c) any Investment by the Issuer or any Restricted Subsidiary in a Person, if as a result of such Investment:

(i) such Person becomes a Restricted Subsidiary; or

(ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(d) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Condition 5(c) (*Asset Sales*);

(e) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer;

(f) any Investments received in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (ii) litigation, arbitration or other disputes with Persons who are not Affiliates;

(g) Investments represented by Hedging Obligations;

(h) Investments in the Notes;

(i) any guarantee of Indebtedness permitted to be incurred by Condition 5(i) (*Indebtedness*) or Condition 5(c) (*Mergers and Consolidations*) other than a guarantee of Indebtedness of an Affiliate of the Issuer that is not a Restricted Subsidiary;

(j) guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course of business of the Issuer and its Restricted Subsidiaries, including obligations under licenses or concessions related to the ordinary course of the business of the Issuer and its Restricted Subsidiaries;

(j) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (i) as required by the terms of such Investment as in existence on the Issue Date or (ii) as otherwise permitted under these Conditions;

(k) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries, or all or substantially all of the assets of another Person, in each case, in a transaction that is not prohibited by Condition 5(c) (*Mergers and Consolidations*) after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation; and

(l) Investments, taken together with all other Investments made pursuant to this clause (l) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed U.S.$25 million (or an equivalent amount in any other currency or currencies); *provided that*, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary, such Investment shall thereafter be deemed to have been made pursuant to clause (c) of the definition of "Permitted Investments" and not this clause.

"**Permitted Liens**" means:

(a) Liens in favour of the Issuer or any of its Restricted Subsidiary;

(b) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated or amalgamated with the Issuer or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger, consolidation or amalgamation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged into or consolidated or amalgamated with the Issuer or such Restricted Subsidiary;

(c) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Issuer or any Restricted Subsidiary; *provided* that such Liens were in existence prior to such acquisition, and not incurred in contemplation of such acquisition;

(d) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(e) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded;

provided that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(f) survey exceptions, easements or reservations of, or rights of others for, licenses, rights of way, sewers, pipe lines, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(g) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Issuer or its Restricted Subsidiaries relating to such property or assets;

(h) Liens in favour of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(i) any attachment, prejudgment or judgment Lien that does not constitute an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(j) Liens granted upon or with regard to any property hereafter acquired by any member of the Group to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition, *provided* that the maximum amount of Indebtedness thereafter secured by such Liens does not exceed the purchase price of such property, transactional expenses and/or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(k) Liens created for the benefit of (or to secure) the Notes (or the Guarantee);

(l) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Trust Deed and/or these Conditions; *provided*, however, that:

(i) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (*plus* improvements and accessions to, such property or proceeds or distributions thereof); and

(ii) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(m) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained or deposited with a depositary institution;

(n) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(o) any (i) interest or title of a lessor or sublessor under any lease and for compliance with the terms of such leases; (ii) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to (including without limitation, ground leases or other prior leases of the demised premises, mortgages, mechanics' liens, carriers' liens, warehousemen's liens, bankers' liens, repairmen's liens, tax liens, and easements); or (iii) subordination of the interest of the lessee or sublessee under such lease to any restrictions or encumbrance referred to in the preceding clause (ii);

(p) Liens arising under the Trust Deed in favour of the Trustee for its own benefit and similar Liens in favour of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under these Conditions, *provided*, *however*, that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of the Indebtedness;

(q) Liens securing Hedging Obligations, which obligations are permitted by Condition 5(i)(ii)(F) (*Indebtedness*);

(r) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(s) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord, contractor or other third-party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary (including those arising from progress or partial payments by a third-party relating to such property or assets) and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(t) Liens on any proceeds loan made by the Issuer or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under these Conditions and securing that Indebtedness;

(u) Liens created on any asset of the Issuer or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Issuer or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(v) Liens over treasury stock of the Issuer or a Restricted Subsidiary purchased or otherwise acquired for value by the Issuer or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(w) Liens to secure Indebtedness permitted by Condition 5(i)(ii)(O) (*Indebtedness*) covering only the assets acquired with or financed by such Indebtedness;

(x) Liens securing reimbursement obligations with respect to commercial letters of credit or bank guarantees which encumber documents and other assets relating to such letters of credit or bank guarantees and products and proceeds thereof;

(y) Liens on escrowed proceeds for the benefit of related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(z) Liens in favour of the issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of business;

(aa) the following ordinary course items:

(i) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Issuer and its Restricted Subsidiaries, taken as a whole;

(ii) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or the like Liens arising by contract or statute in the ordinary course of business;

(iii) pledges or deposits made in the ordinary course of business (A) in connection with leases, tenders, bids, statutory or regulatory obligations, surety, appeal or indemnity bonds, government contracts, performance bonds and similar obligations warranty, contractual, netting or set-off requirements, or (B) in connection with workers' compensation, unemployment insurance and other social security legislation (including, in each case, Liens to secure letters of credit or bank guarantees issued to assure payment of such obligations);

(iv) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings in the ordinary course of business;

(v) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(vi) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(vii) Liens arising in the ordinary course of business in connection with the provision to the Issuer or any Restricted Subsidiary of clearing bank facilities, overdraft facilities or cash pooling arrangements permitted under these Conditions;

(bb) Liens, *provided* that the maximum amount of Indebtedness secured in the aggregate at the time of incurrence pursuant to this clause (bb) does not exceed the greater of U.S.$25 million (or an equivalent amount in any other currency or currencies) and 7.5% of the Issuer's Consolidated Total Assets;

(cc) Liens incurred by the Issuer or any Restricted Subsidiary with respect to Indebtedness at any one time outstanding that does not exceed U.S.$10 million (or an equivalent amount in any other currency or currencies) *less* the aggregate principal amount of Non-Guarantor Debt at any time outstanding (except, to avoid duplication, to the extent such Non-Guarantor Debt is secured by a Lien incurred pursuant to this clause (cc)); and

(dd) Liens on assets of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of a Restricted Subsidiary that is not a Guarantor permitted to be incurred pursuant to Condition 5(i).

"**Permitted Refinancing Indebtedness**" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(a) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(b) such Permitted Refinancing Indebtedness has (i) a final maturity date that is either (A) later than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (B) after the final maturity date of the Notes and (ii) has a Weighted Average Life to Maturity that is greater than the Weighted Average Life to Maturity of the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged;

(c) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Guarantee, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to, the Notes or the Guarantee, as the case may be, on terms at least as favourable to the Noteholders as those contained in the documentation governing the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(d) if the Issuer or any Guarantor was the obligor on the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or by a Guarantor,

and, *provided further* that, the Permitted Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, trust, institution, organisation, state or Agency or any other entity, in each case, whether or not having a separate legal personality.

"**Potential Event of Default**" means an event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 (*Events of Default*), become an Event of Default.

"**Pre-Expansion European Union**" means the European Union as of 1 January 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Ireland, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after 1 January 2004.

"**Preferred Stock**" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Principal Paying Agent**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Prohibited Person Event**" has the meaning given to such term in Condition 7(d) (*Redemption at the Option of Noteholders upon a Change of Control or Prohibited Person Event*).

"**Prohibited Person Event Offer**" has the meaning given to such term in Condition 7(d) (*Redemption at the Option of Noteholders upon a Change of Control or Prohibited Person Event*).

"**Prohibited Persons**" means any person, organisation or vessel (i) designated on the OFAC list of Specially Designated Nationals and Blocked Persons, the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions, or the Consolidated List of Financial Sanctions Targets maintained by His Majesty's Treasury, or on any list of targeted persons issued by an Agency administering Sanctions; (ii) that is, or is part of, a government of a Sanctioned Country; (iii) owned or controlled by, or acting on behalf of, any of the foregoing; or (iv) located within or operating from a Sanctioned Country.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering or (b) a private placement to institutional investors whether or not it is underwritten for resale in accordance with Rule 144A or Regulation S under the US Securities Act and whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the United States Securities and Exchange Commission for public resale.

"**Qualifying Equity Interests**" means Equity Interests of the Issuer other than Disqualified Stock.

"**Record Date**" has the meaning given to such term in Condition 8(a) (*Payments*).

"**Register**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Registrar**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Regulations**" has the meaning given to such term in Condition 2 (*Transfer of Notes*).

"**Relevant Date**" has the meaning given to such term in Condition 9 (*Taxation*).

"**Relevant Jurisdiction**" means (in the case of payment by the Issuer or Guarantor), Georgia, or any political subdivision or any authority thereof or therein having the power to tax, or in any case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or any Guarantor becomes subject in respect of payments made by it of principal or interest on the Notes.

"**Restricted Investment**" means an Investment other than a Permitted Investment.

"**Restricted Payment**" has the meaning given to such term in Condition 5(g) (*Restricted Payments*).

"**Restricted Subsidiary**" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"**Rules**" has the meaning given to such term in Condition 20 (*Governing Law and Jurisdiction*).

"**Sanctioned Country**" means a country, region or territory that is the subject or the target of Sanctions, including, without limitation, the Crimea region of Ukraine, Cuba, Iran, Myanmar, North Korea, South Sudan, Sudan, Syria, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic.

"**Sanctions**" means any sanctions or other similar restrictive measures administered and/or enforced by the United States government, the United Nations, the European Union (or any of its member states), the United Kingdom or any other equivalent governmental or regulatory authority, institution or agency that administers economic, financial or trade sanctions, or the respective governmental institutions and agencies of any of the foregoing, including, without limitation, OFAC, the United States Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person", the United States Department of Commerce, the United Nations Security Council and His Majesty's Treasury.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors or assigns.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Stated Maturity**" means, with respect to any instalment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the first date it was incurred in compliance with the terms of these Conditions, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Obligation**" means any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement or any Indebtedness of a Guarantor (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Guarantee pursuant to a written agreement, as the case may be.

"**Subordinated Shareholder Funding**" means any funds provided to the Issuer by any Parent, any Affiliate of any Parent, any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Equity Interests, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Equity Interests issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, however, that such Subordinated Shareholder Funding:

(a) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Equity Interests (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(b) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(d) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries;

(e) does not contain any covenants (financial or otherwise) other than a covenant to pay such Subordinated Shareholder Funding at maturity; and

(f) pursuant to its terms or other agreement, is fully subordinated and junior in right of payment to the Notes and the Guarantee pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"**Subsidiary**" means, with respect to any specified Person:

(a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, supervisory board members, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership, joint venture, limited liability company or similar entity of which (i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Successor Entity**" has the meaning given to such term in Condition 5(c) (*Mergers and Consolidations*).

"**Tax**" means any tax (including interest or penalties thereon) which are not or at any time hereafter imposed, assessed, charged, levied, collected, demanded, withheld or claimed by a Relevant Jurisdiction or any tax authority thereof or therein and the term "**Taxation**" shall be construed accordingly.

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"**Transfer Agent**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Treasury Rate**" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity most nearly equal to the period from the Call Settlement Date to the Maturity Date. The Issuer will obtain such yield to maturity from information compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the Call Settlement Date (or, if such Statistical Release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)); *provided*, *however*, that if the period from the Call Settlement Date to the Maturity Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Call Settlement Date to the Maturity Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used;

"**Trust Deed**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Trustee**" has the meaning given to such term in Condition 1 (*Form, Specified Denomination and Title*).

"**Unrestricted Subsidiary**" means:

(a) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(a) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary;

(b) such Subsidiary has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries;

(c) such Subsidiary has no Indebtedness other than Non-Recourse Indebtedness;

(d) except as permitted by Condition 5(e) (*Affiliate Transactions*), such Subsidiary is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favourable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer;

(e) such Subsidiary is a Person in respect of which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation (i) to subscribe for additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(f) such designation and the Investment of the Issuer in such Subsidiary complies with Condition 5(g) (*Restricted Payments*) or is permitted under one of the clauses of the definition of "Permitted Investment"; and

(g) immediately after giving effect to such designation, the Issuer (or any other Restricted Subsidiary) could incur U.S.$1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test set forth in Condition 5(i)(i) (*Indebtedness*).

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors, as applicable, of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Condition 5(g) (*Restricted Payments*) or under one or more clauses of the definition of Permitted Investments, as determined by the Issuer.

If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Trust Deed and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Condition 5(i) (*Indebtedness*), the Issuer will be in default of such covenant.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* immediately after giving effect to such designation (1) no Potential Event of Default or Event of Default would result therefrom and (2) either (x) the Issuer could incur at least U.S.$1.00 of additional Indebtedness under Condition 5(i)(i) or (y) the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries would not be worse than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors, as applicable, giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**Voting Stock**" means, in relation to any Person, Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of supervisory board members, directors, managers or trustees thereof.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(a) the sum of the products obtained by multiplying (i) the amount of each then remaining instalment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(b) the then outstanding principal amount of such Indebtedness.

19. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further securities having the same terms and conditions of the Notes in all respects (or in all respects except the issue price, issue date and/or first payment of interest on such securities) and so that such further issue is consolidated and forms a single series with the Notes or upon such other terms as the Issuer may determine at the time of their issue. References in these Conditions include (unless the context requires otherwise) any other securities issued pursuant to this Condition 19 and forming a single series with the Notes. Any further securities forming a single series with the Notes constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed.

20. GOVERNING LAW AND JURISDICTION

(a) **Governing Law**: The Trust Deed (including the Guarantee) and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Arbitration**: Any dispute which may arise out of or in connection with the Trust Deed, the Notes or the Guarantee (including any claim, dispute or difference as to (i) the existence of the Notes and/or the Guarantee, (ii) termination or validity of the Trust Deed, the Notes and/or the Guarantee, (iii) any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Guarantee, (iv) the consequences of the nullity of the Trust Deed, the Notes and/or the Guarantee, or (v) this Condition 20(b)) (each, a "**Dispute**") shall be finally settled by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**") as at present in force and as modified by this Condition 20(b), which Rules shall be deemed incorporated into this Condition 20(b). The number of arbitrators shall be three. Each party shall appoint one arbitrator in the Request for Arbitration or the Response, as the case may be. The third arbitrator, who shall act as Chairman, shall be nominated by the two party-nominated arbitrators. If such nomination is not made within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated or either party fails to nominate an arbitrator in the Request for Arbitration or Response, as applicable, then such nomination shall be chosen by the LCIA court. The seat of arbitration shall be London, England and the language of arbitration shall be English. The arbitrators shall have power to award on a provisional basis any relief that they would have power to grant on a final award. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

(c) **Waiver of immunity**: To the extent that the Issuer, the Guarantor or any of their assets have (on the date of issue of the Notes and the Guarantee), or thereafter may acquire, any right to immunity from set-off, legal proceedings, attachment prior to judgement, other attachment or execution of judgement on the grounds of sovereignty or otherwise, the Issuer and the Guarantor hereby irrevocably waive any such right to immunity and any similar defence, and irrevocably consent to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever of any order, award or judgment made or given in connection with any proceedings.

(d) **Agent for Service of Process:** The Issuer and the Guarantor irrevocably appoint Law Debenture Corporate Services Limited having its registered office at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as their agent in England to receive service of process in any proceedings in England. If for any reason such agent shall cease to be such agent for service of process, the Issuer and the Guarantor shall appoint a new agent for service of process in England and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

INITIAL ISSUE OF CERTIFICATES

The Regulation S Notes shall be represented by a permanent Regulation S Global Certificate, in fully registered form without interest coupons, deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg.

The Rule 144A Notes shall be represented by a permanent Rule 144A Global Certificate, in fully registered form without interest coupons, deposited with The Bank of New York Mellon as custodian for, and registered in the name of Cede & Co. as nominee of, the Depository Trust Company ("**DTC**").

Upon the registration of the Regulation S Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Regulation S Global Certificate to the common depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid as represented by the Regulation S Global Certificate.

Upon the registration of the Rule 144A Global Certificate in the name of Cede & Co. as nominee of DTC and delivery of the Rule 144A Global Certificate to the custodian for DTC, DTC will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid as represented by the Rule 144A Global Certificate.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Certificate must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by GGU or the Guarantor (as applicable) to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg (as the case may be). Such persons shall have no claim directly against GGU and/or the Guarantor in respect of payments due on the Notes or the Guarantee for so long as the Notes are represented by the Global Certificate and such obligations of GGU and the Guarantor will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

EXCHANGE FOR DEFINITIVE CERTIFICATES

The following will apply in respect of transfers of Notes held in DTC, Euroclear or Clearstream, Luxembourg. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2(b) (*Delivery of New Certificates*) may only be made in part:

(i) if the Global Certificate is held by or on behalf of DTC, Euroclear or Clearstream, Luxembourg and such clearing system notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to such Global Certificate or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC; or

(ii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 9 (*Taxation*) which would not be suffered were the Notes in definitive form and a note to such effect signed by two members of the Supervisory Board is delivered to the Trustee, by the Issuer giving notice to the Registrar or any Transfer Agent and the Noteholders, of its intention to exchange the Global Certificate for Definitive Certificates on or after the Exchange Date specified in the notice.

"**Exchange Date**" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the relevant Transfer Agent is located.

AMENDMENT TO CONDITIONS

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the Terms and Conditions of the Notes set out in these Listing Particulars. The following is an overview of certain of those provisions:

Payments

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Meetings

For the purposes of any meeting of Noteholders, the holder of the Notes represented by the Global Certificates shall (unless the Global Certificate represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and as being entitled to one vote in respect of each integral currency unit of the currency of the Notes.

Trustee's Powers

In considering the interests of Noteholders while the Global Certificates are held on behalf of, or registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Certificate.

TRUSTEE'S POWERS

Subject as provided in the Trust Deed, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as entitled to a particular principal amount of the Notes represented by the Global Certificates (in which regard any certificate or other document issued by DTC, Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such principal amount of such Notes for all purposes other than with respect to payments of principal and interest on the Notes or the Guarantee for which purpose the registered holder of this Global Certificate shall be deemed to be the holder of such principal amount of the Notes in accordance with and subject to the terms of this Global Certificate and the Trust Deed.

For so long as all of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg or DTC, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or DTC (as the case may be) for communication to the relative accountholders provided that all requirements of any relevant stock exchange have been complied with. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg or DTC (as the case may be) as aforesaid.

Whilst any Notes held by a Noteholder are represented by the Global Certificate, notices to be given by such Noteholder may be given by such Noteholder to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, in such a manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, may approve for this purpose.

TAXATION

The following is a general description of certain material United States federal, EU, and Georgian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in the United States, the United Kingdom, the EU and Georgia or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law in effect on the date of these Listing Particulars and is subject to any change in law that may take effect after such date. The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations that may be relevant to the purchase, ownership and disposition of the Notes by a U.S. Holder (as defined below). This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed U.S. Treasury Regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect. This summary does not address the U.S. federal estate and gift tax, the Medicare tax on net investment income, alternative minimum tax considerations or non-U.S., state or local tax considerations.

This summary deals only with initial purchasers of the Notes for cash at their original "issue price" (i.e., the first price at which a substantial amount of the Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that (i) are U.S. Holders; and (ii) will hold the Notes as capital assets as defined according to U.S. federal income tax laws. This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the purchase, ownership or disposition of the Notes by a particular investor in light of the investor's circumstances or to special classes of investors, including (but not limited to) dealers in securities or currencies, certain securities traders, banks, regulated investment companies, real estate investment trusts, grantor trusts, tax-exempt organisations and life insurance companies, traders in securities that elect to mark to market, persons that hold the Notes as part of a hedging transaction or a position in a straddle or conversion transaction, former citizens or long-term residents of the United States, partnerships or other entities classified as partnerships or pass-through entities for U.S. federal income tax purposes, or persons holding the Notes through partnerships or other entities or arrangements classified as partnerships or pass-through entities for U.S. federal income tax purposes, U.S. Holders whose functional currency for U.S. federal income tax purposes is not the US Dollar, persons subject to the alternative minimum tax, U.S. Holders who are required to include certain items of revenue in income no later than when such item is taken into account in their financial statements, U.S. Holders who hold their Notes through non-U.S. intermediaries, or holders that own (directly, indirectly, or by attribution) 10 per cent. or more of the vote or value of the Issuer's stock.

For purposes of this overview, a "**U.S. Holder**" is a beneficial owner of the Notes who for U.S. federal income tax purposes is:

- an individual citizen or resident of the United States;
- a corporation or other entity taxable as a corporation organised in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes; or (ii) if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions.

If a partnership (or other entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds the Notes, the U.S. federal income tax treatment of the partnership and person treated as a partner in such partnership will generally depend on the status of the partner and the activities of the partnership (or such entity or arrangement). Such partner or partnership should consult its own tax adviser with regard to the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

THE OVERVIEW OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF PURCHASING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

Characterisation of the Notes

The Issuer intends to take the position that the Notes are indebtedness for U.S. federal income tax purposes. No ruling regarding the Notes has been sought or received by the Internal Revenue Service (the "**IRS**"), however, and there can be no assurance that the IRS will agree with the foregoing treatment. Prospective purchasers should consult their tax advisors with respect to the proper tax treatment of the Notes. The remainder of this discussion assumes that the Notes will be treated as indebtedness for U.S. federal income tax purposes.

Payments of Additional Amounts Upon Optional Redemption

The Issuer has the option of making payments to Noteholders of additional amounts above the principal amount under the circumstances described in "*Terms and Conditions of the Notes—Condition 7(c) (Optional Redemption at Make Whole)*" herein. The Issuer's payment of such additional amounts may implicate the provisions of the U.S. Treasury Regulations relating to "contingent payment debt instruments." Under these regulations, however, a contingency will not cause a debt instrument to be treated as a contingent payment debt instrument if, as of the issue date, the contingency is "remote" or is considered to be "incidental". The Issuer intends to take the position that the possibility of any payment of additional amounts upon an optional redemption is remote and/or incidental, and does not result in the Notes being treated as "contingent payment debt instruments" under the applicable U.S. Treasury Regulations. The Issuer's position is binding on a U.S Holder unless such U.S. Holder discloses its contrary position in the manner required by applicable Treasury Regulations. It is possible that the IRS may take a different position, in which case a U.S. Holder may, among other things, be required to accrue interest income at a higher rate than the stated interest rate and to treat as ordinary interest income any gain realised on a disposition of the Notes. The remainder of this discussion assumes that the Notes will not be considered contingent payment debt instruments. U.S. Holders should consult their tax advisers regarding the possible application of the contingent payment debt instrument rules to the Notes and the consequences thereof.

Payments of Interest

It is expected, and this summary assumes, that the Issue Price of the Notes will equal their stated principal amount. Generally, the Notes will be treated as issued with less than a *de minimis* amount of original issue discount if the excess of the Notes' principal amount over their issue price is less than 0.25 per cent. of the principal amount multiplied by the number of complete years to maturity.

Therefore, interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes constitutes income from sources outside the United States and generally will be considered "passive category income", or in the case of certain U.S. Holders "general category income" for purposes of applying foreign tax credit rules. There are significant complex limitations on a U.S. Holder's ability to claim foreign tax credits. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit rules and the source of income rules to income attributable to the Notes.

Sale, Retirement, Redemption or Other Taxable Disposition of the Notes

A U.S. Holder will generally recognise gain or loss on the sale, retirement, redemption or other taxable disposition of a Note equal to the difference between the amount realised on the sale, retirement or other taxable disposition, and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will generally be the amount paid for the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income by the U.S. Holder. Gain or loss recognised by a U.S.

Holder on the sale, retirement, redemption or other taxable disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. The deductibility of capital losses is subject to limitations.

Gain or loss realised by a U.S. Holder on the sale, retirement, redemption or other taxable disposition of a Note generally will be U.S. source income for U.S. foreign tax credit purposes. The rules relating to foreign tax credits and deducting foreign taxes are extremely complex, and recent changes have imposed additional restrictions and limitations. Prospective purchasers are urged to consult their tax advisers as to the availability of, and limitations on, any foreign tax credit or deduction attributable to Georgian taxes imposed on the sale, retirement, redemption or other taxable disposition of the Notes in their particular circumstances.

Substitution of Issuer

As described under "*Terms and Conditions of the Notes—Condition 13(c) (Substitution)*" herein, a Subsidiary of the Issuer may substitute for the Issuer or any Guarantor as principal debtor or as a Guarantor, as applicable, under the Trust Deed, the Notes and the Guarantee. Such substitution may be treated for U.S. federal income tax purposes as a deemed disposition of the Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a substitution of the Issuer or a Guarantor.

Backup Withholding & Information Reporting

Non-exempt U.S. Holders are subject to information reporting requirements with respect to proceeds of the sale, redemption or other disposition of the Notes if the interest, principal, or proceeds are paid within the United States or through certain U.S.-related financial intermediaries. Backup withholding at a rate of 24 per cent. with respect to payments within the United States or through certain U.S.-related financial intermediaries would generally apply unless the U.S. Holder (i) provides a complete IRS Form W-9, (ii) either (A) provides a correct taxpayer identification number and certain other information under penalties of perjury or (B) certifies that it is not subject to backup withholding, and (iii) otherwise complies with applicable requirements of the backup withholding rules.

Certain persons are exempt from information reporting and backup withholding, including corporations and financial institutions. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Reporting With Respect to Foreign Financial Assets

Certain U.S. persons that own "specified foreign financial assets", including securities issued by any foreign person either directly or indirectly or through certain foreign financial institutions, may be required to report their ownership of such assets on IRS Form 8938. The Notes are expected to constitute reportable "specified foreign financial assets" unless they are held in an account at certain financial institutions. Substantial penalties may be imposed, and the period of limitations on the assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply with these reporting requirements. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Notes.

Certain Georgian Tax Considerations

The analysis below is a general overview of certain Georgian tax implications related to the Notes prepared in accordance with Georgian tax legislation as of the date of these Listing Particulars. As with other areas of Georgian legislation, tax law and practice in Georgia is not as clearly established as that of more developed jurisdictions. It is possible, therefore, that changes may be made in the law or in the current interpretation of the law or current practice, including changes that could have a retroactive effect. Accordingly, it is possible that payments to be made to the Noteholders could become subject to taxation in Georgia, or that rates currently in effect with respect to such payments could be increased, in ways that cannot be anticipated as of the date of these Listing Particulars. Each prospective purchaser of Notes should also *consider any further tax implications that may be relevant to it under the laws and regulations of other countries in connection with its purchase, holding and sale of Notes.*

Furthermore, the analysis below relates to Notes listed on a "recognised stock exchange of the foreign country" under Georgian law, such as Euronext Dublin. It does not address tax issues arising from any future listing of the Notes on an exchange in Georgia, or another country that is not a "recognised stock exchange of the foreign country" under Georgian law, for which a prospective purchaser of Notes should consult its tax advisors.

Withholding Tax on Interest

Payments of interest on Notes will be exempt from withholding tax and such payments of interest shall not be subject to further taxation in Georgia for Noteholders (whether they are individuals (physical persons) or legal entities), so long as the Notes are issued by the Georgian resident, such as the Issuer, and listed and admitted to trading on a "recognised stock exchange of the foreign country". For these purposes, Euronext Dublin is a "recognised stock exchange of the foreign country" under Georgian law.

Enforceability of Tax Gross-up under the Terms and Conditions of the Notes

Pursuant to Condition 9 (*Taxation*), in the case of withholding or deduction of any taxes (subject to certain customary exceptions) in respect of any payment on the Notes, the Issuer is required to increase the amount of the relevant payment by such amount as would result in the receipt by the relevant Noteholder of the amount which would have been received by it had no such withholding or deduction been required. The Tax Code neither prohibits nor permits the inclusion of tax gross-up clauses (such as that set out in Condition 9 (*Taxation*)) in agreements or instruments made by Georgian companies. In practice, however, such gross-up provisions are widely respected by the tax authorities in Georgia.

Taxation of Sale of Notes by Non-Resident Legal Entity Noteholders

Non-resident legal entities will be assessed profit tax on the difference between the initial purchase and subsequent sale price and the relevant non-resident entity will be under an obligation to properly report and pay such profit tax to the Georgian tax authorities at a 15% tax rate. If the sale is carried out through a Georgian brokerage company and the seller is not registered as a taxpayer in Georgia, such brokerage company may be responsible for withholding the applicable tax at a 10% rate or at a 15% rate if the seller is registered in an offshore jurisdiction. The applicability of Georgian profit tax may be affected by a double tax treaty between Georgia and the country of residency of the selling entity.

Taxation of Sale of Notes by Non-Resident Individual Noteholders

Individuals in Georgia are subject to income tax at a current rate of 20%, with the tax base being calculated after permitted deductions. For the non-resident individuals the income tax will be assessed on the difference between the initial purchase and subsequent sale price. A relevant non-resident individual will be under an obligation to properly report and pay such income tax to the Georgian tax authorities. If the sale is done through a Georgian brokerage company and the seller is not registered as a taxpayer in Georgia, such brokerage company may be responsible for withholding the applicable tax at a 10% rate or at a 15% rate if the seller is registered in an offshore jurisdiction. The applicability of Georgian income tax may be affected by a double tax treaty between Georgia and the country of residency of the seller individual.

Certain exemptions may also be available to individual Noteholders if such individuals maintain ownership of Notes for more than two calendar years.

Taxation of Sale of Notes by Resident Individual Noteholders

Georgian resident individual Noteholders will become liable to pay income tax at 20% upon the disposal of the Notes. The income tax will be assessed on the difference between the initial purchase and subsequent sale price. If the sale is done through a Georgian brokerage company and the seller is not registered as a taxpayer in Georgia, such brokerage company may be responsible for withholding the applicable tax. Certain exemptions may be available to Georgian resident individual Noteholders if such individuals maintain ownership of Notes for more than two calendar years.

Taxation of Sale of Notes by Resident Legal Entity Noteholders

Georgian resident legal entities (except banking institutions, credit unions, microfinance organisations and persons registered as loan issuers) will be subject to a 15% corporate profit tax on any gain (the difference between initial purchase and subsequent sale price) received from the disposal of the Notes after they distribute profit. The gain received from the sale of the Notes (i.e., the difference between the initial purchase price and the subsequent sale price of the Notes) by banking institutions, credit unions, microfinance organisations and persons registered as loan issuers will be included in their gross taxable income and, after the permitted deductions, will be subject to profit tax at the rate of 20%. See "*Risk Factors—Macroeconomic and Political Risks Related To Georgia—Uncertainties in the tax system in Georgia may result in the imposition of tax adjustments or fines against GGU and there may be changes in current tax laws and policies*".

Value Added Tax

Sales (supply) of the Notes are exempt from value added tax in Georgia.

Other Considerations

The Tax Code expressly provides for ability of the tax inspection to re-examine the transaction price indicated by the respective parties, subject to certain procedural requirements.

TRANSFER RESTRICTIONS

Rule 144A Securities

Each purchaser of Rule 144A Notes, by purchasing such Notes and Guarantee, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

(a) It is (i) a QIB; (ii) acquiring the Notes and the Guarantee for its own account or for the account of one or more QIBs; (iii) not acquiring the Notes and the Guarantee with a view to further distribute such Notes; and (iv) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

(b) It understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (i) pursuant to a registration statement that has been declared effective under the Securities Act; (ii) in reliance on Rule 144A to a person that the holder and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of another QIB; (iii) in an offshore transaction in accordance with Regulation S; (iv) pursuant to Rule 144 under the Securities Act (if available); or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, in each case, in accordance with any applicable securities laws of any state of the United States.

(c) It acknowledges that the Notes and the Guarantee offered and sold hereby in the manner set forth in paragraph (a) are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Notes and the Guarantee.

(d) It understands that any offer, sale, pledge or other transfer of such Notes made other than in compliance with the above-stated restrictions may not be recognised by the Issuer.

(e) It understands that such Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") OR (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES AND THE GUARANTEE IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, IN THE CASE OF RULE 144A NOTES AND REGULATION S NOTES: (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND (2) AGREES NOT TO OFFER, SELL OR

OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") THAT IS [IN THE CASE OF RULE 144A NOTES AND RESTRICTED GLOBAL NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF THIS SECURITY, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES, AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF THIS SECURITY, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES, AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR THERETO) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)] EXCEPT ONLY (A) TO THE ISSUER, THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO AN OFFSHORE TRANSACTION TO PERSONS WHO ARE NOT U.S. PERSONS OCCURRING OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS.

(a) It agrees that it will give each person to whom it transfers any Notes notice of any restrictions on transfer of such Notes.

(b) If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make (and does make) the foregoing acknowledgments, representations and agreements on behalf of each such account. GGU, the Guarantor, the Registrar, the Lead Manager, the Co-Managers and their respective affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(c) It understands that the Notes and the Guarantee offered in reliance on Rule l44A will be represented by the Rule 144A Global Certificate. Before any interest in the Rule 144A Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that the sellers of the Notes and the Guarantee may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Securities

Each purchaser of Regulation S Notes, by purchasing such Notes, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

(a) It understands that such Notes have not been and will not be registered under the Securities Act, and such Notes are being offered and sold in accordance with Regulation S.

(b) It or any person on whose behalf it is acting is, or at the time such Notes are purchased will be, the beneficial owner of such Notes and (i) it is purchasing such Notes in an offshore transaction (within the meaning of Regulation S) and (ii) it is not an affiliate of GGU or the Guarantor or a person acting on behalf of such an affiliate.

(c) It will not offer, sell, pledge or otherwise transfer Notes, except in accordance with the Securities Act and any applicable securities laws of any state of the United States.

(d) The Issuer, the Guarantor, the Registrar, the Lead Manager, the Co-Managers and their respective affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

SUBSCRIPTION AND SALE

Each of J.P. Morgan Securities plc (the "**Lead Manager**") and JSC Galt & Taggart and TBC Capital LLC (together, the "**Co-Managers**") has, pursuant to a subscription agreement dated 23 July 2024 (the "**Subscription Agreement**"), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the aggregate principal amount of the Notes listed next to its name in the table below at the issue price of 100%. The Issuer has agreed that it will pay a management and underwriting commission and selling concession to the Lead Manager and the Co-Managers pursuant to the Subscription Agreement. The Subscription Agreement entitles the Lead Manager and the Co-Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Manager	Principal Amount of the Notes
	(U.S.$)
J.P. Morgan Securities plc	299,600,000
JSC Galt & Taggart	200,000
TBC Capital LLC	200,000
Total	**300,000,000**

IFIs

DEG has entered into an agreement dated 12 July 2024 with the Issuer, pursuant to which, DEG has provided its intention to purchase up to U.S.$40 million in the aggregate principal amount of the Notes during the initial issuance. DEG will be allocated U.S.$35 million in the aggregate principal amount of Notes. The agreement with DEG sets out certain customary conditions to be met by the Issuer, including the Issuer's agreement to comply with certain international standards related to environmental, social, anti-money laundering, corruption and sanctionable practices. The terms of DEG's investment will not restrict its ability to buy or sell Notes in the future (or to buy additional Notes as part of the initial issuance of the Notes by the Issuer) and, as a result, DEG may buy or sell the Notes in open market transactions at any time following the completion of the offering of the Notes. DEG is a wholly owned subsidiary of Kreditanstalt für Wiederaufbau and a member of the KfW Bankengruppe, Germany.

IFC, a member of the World Bank Group has approval to commit to purchase from the Issuer up to U.S.$60 million in the aggregate principal amount of the Notes during the initial issuance. IFC will be allocated U.S.$40 million in the aggregate principal amount of Notes. IFC's commitment to purchase the Notes is, among other conditions, subject to a minimum issue size and net yield threshold with respect to the Notes. IFC has executed a commitment letter and policy agreement with regards to its investment. In consideration of IFC's investment, the Issuer has agreed to pay a fee to IFC and made certain representations and covenants in the policy agreement with respect to compliance with certain international standards related to environmental, social, anti-money laundering, corruption and sanctionable practices by which any entity in which IFC invests must agree to be bound. The terms of IFC's investment will not restrict the ability of IFC to buy or sell Notes in the future (or to buy additional Notes as part of the distribution of the Notes by the Issuer) and, as a result, IFC may buy or sell the Notes in open market transactions at any time following the consummation of the Offering. IFC is a member of the World Bank Group.

In addition, the Issuer has entered into investment agreements with certain other development financial institutions and multi-lateral development banks (including ADB, a regional development bank with its headquarters located in Manila, the Philippines, and other international financial institutions) pursuant to which each IFI will purchase Notes during the initial issuance, subject to certain conditions as described in each framework agreement. Among other things, the framework agreements will include the Issuer's undertaking to comply with each IFI's policy requirements relating to matters including, but not limited to, environmental and social matters, sanctions, anti-money laundering, anti-corruption and fraud. ADB has approval to commit to purchase from the Issuer up to U.S.$60 million in the aggregate principal amount of the Notes during the initial issuance. ADB will be allocated U.S.$40 million in the aggregate principal amount of Notes.

In the initial issuance of the Notes, certain IFIs (including, for the avoidance of doubt, DEG, IFC and ADB) have been allocated slightly more than 50 per cent. of the principal amount of the Notes. See "*Risk Factors—Risks Relating to the Notes and Guarantee—There may not be an active trading market for the Notes and trading in the Notes may be limited given the allocations of Notes expected to be granted to certain anchor or other investors*".

General

No action has been or will be taken in any jurisdiction by the Lead Manager, the Co-Managers, the Issuer or the Guarantor that would permit a public offering of the Notes and the Guarantee, or possession or distribution of any other offering materials relating to the Notes and the Guarantee (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each of the Lead Manager and the Co-Managers has agreed that it will comply to the best of its knowledge and belief with all applicable laws and regulations in each jurisdiction in which it offers or sells any Notes and Guarantee or distributes or publishes these Listing Particulars or any such other material.

Prohibition of Sales to European Economic Area Retail Investors

Each of the Lead Manager and the Co-Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II;

(ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States except in certain transaction exempt from, or not subject to, the registration requirements of the Securities Act. Each of the Lead Manager and the Co-Managers has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver any Notes and Guarantee within the United States, except as permitted by the Subscription Agreement. The Notes and Guarantee are being offered and sold by the Lead Manager and the Co-Managers outside the United States in accordance with Regulation S.

The Subscription Agreement provides that the Lead Manager and the Co-Managers may offer and sell the Notes and Guarantee within the United States to QIBs in reliance on Rule 144A. Any offers and sales by the Lead Manager or the Co-Managers in the United States will be conducted by broker-dealers registered with the SEC.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes and Guarantee within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A or another available exemption from registration under the Securities Act.

United Kingdom

Each of the Lead Manager and the Co-Managers has represented and agreed that:

i. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to GGU or the Guarantor; and

ii. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK Retail Investors

Each of the Lead Manager and the Co-Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Georgia

Each of the Lead Manager and the Co-Managers severally (and not jointly or jointly and severally) has represented and agreed that the Notes shall not be advertised, marketed, offered or sold in the territory of Georgia in a public offering without a prior or simultaneous delivery/publication of a final prospectus approved by the NBG in accordance with the Securities Market Law. A "public offering" is defined as an offer to sell securities directly or indirectly on behalf of an issuer or other person to at least 100 persons or to an unspecified number of persons. Offering and sale of the Notes to sophisticated investors (as defined in the Securities Market Law and its implementing regulations) only, however, will not constitute a public offering.

In the event, however, that the Notes are placed/listed on Euronext Dublin, which is a "recognised stock exchange of the foreign country", the Notes may be offered in Georgia in a public offering without the approval of these Listing Particulars by the NBG, provided that the NBG is notified about the public offering of the Notes in accordance with Georgian law and the ISIN of the Notes, as well as evidence of listing of the Notes on Euronext Dublin and the Listing Particulars, together with the Georgian translation of the "*Overview of the Offering*" section of the Listing Particulars (both of which should also be made publicly available in accordance with Georgian law), is provided to the satisfaction of the NBG in advance of the offering in Georgia.

Without limitation of any of the foregoing, each of the Lead Manager and the Co-Managers has represented, warranted and agreed that it has complied and will comply with all applicable provisions of Georgian law with respect to anything done by it in relation to the Notes in, from or otherwise involving Georgia.

Hong Kong

Each of the Lead Manager and Co-Managers has represented and agreed that:

i. it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any of the Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as de-fined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O); and

ii. it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the con-tents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each of the Lead Manager and Co-Managers has acknowledged the Listing Particulars has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Lead Manager and the Co-Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Listing Particulars or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, or (ii) an accredited investor (as defined in Section 4A of the SFA) pursuant to, and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

Each of the Lead Manager and Co-Managers has acknowledged that the Listing Particulars are not intended to constitute an offer or solicitation to purchase or invest in the Notes. Each of the Lead Manager and Co-Managers has represented and agreed that the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Each of the Lead Manager and Co-Managers has acknowledged that neither the Listing Particulars nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither the Listing Particulars nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Canada

Each of the Lead Manager and Co-Managers has acknowledged that the Notes have not been and will not be qualified for sale under the securities laws of Canada or any province or territory thereof and represented and agreed that it has not offered, sold or distributed, and that it will not offer, sell or distribute, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof. Each of the Lead Manager and Co-Managers has also agreed not to distribute or deliver the Listing Particulars, or any other offering material relating to the Notes in Canada in contravention of the securities laws of Canada or any province or territory thereof.

Other Relationships

The Lead Manager, the Co-Managers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Lead Manager, the Co-Managers or their respective affiliates from time to time have provided in the past, and may provide in the future investment banking financial advisory and/or commercial banking services to the Issuer, the Guarantor and their affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Lead Manager, the Co-Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. The Lead Manager, the Co-Managers and their affiliates may receive allocations of the Notes. The Lead Manager, the Co-Managers or their respective affiliates may be a lender and/or agent bank and/or security agent under existing lending arrangements with the Issuer, the Guarantor and/or the bank, in connection with which the Lead Manager, the Co-Managers or their respective affiliates may each receive customary fees and commissions for these roles. The Lead Manager, the Co-Managers and their respective affiliates may, in the future, act as hedge counterparties to GGU and/or Guarantor consistent with its customary risk management policies. Typically, the Lead Manager, the Co-Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Lead Manager, the Co-Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

1. Application has been made to the Euronext Dublin for the Notes to be admitted to the Official List and trading on its Global Exchange Market, through the Listing Agent, Arthur Cox Listing Services Limited ("**ACLSL**"). ACLSL is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission to the Official List or trading on the Global Exchange Market.

2. It is expected that the listing of the Notes on Euronext Dublin and the admission of the Notes to trading on the Euronext Dublin's Global Exchange Market for listed securities will take place on or about 25 July 2024, subject to the issuance of the Global Notes.

3. The 2023 Financial Statements and the 2022 Financial Statements, which are included in these Listing Particulars, have been audited by EY LLC, independent auditors, as stated in their audit reports appearing therein. The Interim Financial Statements, included in these Listing Particulars, have been reviewed by EY LLC, independent auditors, as stated in their review report appearing therein. The consolidated financial statements as of and for the year ended 31 December 2021 are not included or incorporated by reference in these Listing Particulars. EY is included in the register of the Georgian Federation of Professional Accountants and Auditors with the right to perform statutory and non-statutory audits and its registered office is Kote Abkhazi Street, 44, Tbilisi 0105, Georgia.

4. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in Georgia in connection with the issue and performance of the Notes and the Guarantee. The issue of the Notes was authorised by a resolution of the Supervisory Board of the Issuer passed on 11 July 2024 and a shareholders' resolution passed on 7 June 2024. The Guarantor has obtained all necessary consents and the Guarantee was approved by the resolution of the sole shareholder of the Guarantor passed on 10 June 2024.

5. There has been no significant change in the financial or trading position of the Issuer or of GGU since 31 March 2024 and, other than as disclosed in "*Risk-Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*", no material adverse change in the prospects of the Issuer or of GGU since 31 December 2023.

6. In the previous 12 months, there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) which may have, or have had in the recent past, a significant effect on the Issuer and/or GGU's financial position or profitability.

7. The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg for the Regulation S Notes and DTC for the Rule 144A Notes. The Common Code, ISIN and CUSIP number, as applicable, for the Regulation S Notes and the Rule 144A Notes are as follows:

Regulation S Notes:

ISIN:	XS2868179396
Common Code:	286817939

Rule 144A Notes:

ISIN:	US373196AB02
Common Code:	286810969
CUSIP:	373196AB0

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, United States.

8. The Issuer was incorporated on 22 January 2020 as a joint stock company with the name Georgia Global Utilities JSC and registered with the NAPR under identification number 404591599. The issued and fully paid up capital of the Issuer was GEL 84,665,263 as at the date of these Listing Particulars.

9. For as long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market physical copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) during the contractual period of the Notes from the date of publication of these Listing Particulars at the offices of GGU:

(a) the Trust Deed (which includes the form of the Global Certificates and the Definitive Certificates);

(b) the Agency Agreement;

(c) the Issuer's Charter;

(d) the Interim Financial Statements;

(e) the 2023 Financial Statements;

(f) the 2022 Financial Statements

(g) a copy of these Listing Particulars; and

(h) the Green Bond Framework.

These Listing Particulars will also be published on the website of Euronext Dublin at: https://www.euronext.com/en/markets/dublin.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

2020 Notes	The U.S.$250,000,000 7.750% Notes issued by GGU in 2020.
2022 Financial Statements	The audited financial statements of GGU as at and for the year ended 31 December 2022 (which include comparative information as of and for the year ended 31 December 2021).
2023 Financial Statements	The audited financial statements of GGU as at and for the year ended 31 December 2023.
ADB	Asian Development Bank.
Audited Financial Statements	Audited financial statements of GGU as at and for the years ended 31 December 2023 and 2022 (including comparative financial information as of and for the year ended 31 December 2021).
Aqualia	FCC Aqualia S.A.
BGEO	Bank of Georgia
Bodorna PPA	The PPA pursuant to which the Bodorna HPP sells a portion of the electricity it generates with ESCO as the offtaker, for the period until 2028.
Certificates	Registered certificates representing the Notes.
CIS	Commonwealth of Independent States.
CFD	Contract for difference
Clearstream, Luxembourg	Clearstream Banking, S.A.
Closing Date	25 July 2024.
Co-Managers	JSC Galt & Taggart and TBC Capital LLC
Constitution	The Constitution of Georgia.
COVID-19	The coronavirus which originated in the city of Wuhan in Hubei province in China in November 2019.
Definitive Certificates	Regulation S Definitive Certificates and Rule 144A Definitive Certificates.
DNV	DNV Business Assurance Spain S.L.U.
DTC	The Depositary Trust Company.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
EBRD	European Bank for Reconstruction and Development.
EEA	The European Economic Area.
EMMC	Electricity Market Model Concept

ERP	Enterprise resources planning.
ESCO	Electricity System Commercial Operator of Georgia.
EU Association Agreement	The association agreement between the EU and Georgia signed on 27 June 2014.
EY	EY LLC.
Euroclear	Euroclear Bank S.A./N.V.
Euronext Dublin	The Irish Stock Exchange plc, trading as Euronext Dublin.
Euros, Euro, €	The lawful currency of the European Economic and Monetary Union.
FDI	Foreign direct investment.
Financial Statements	The Interim Financial Statements, the 2023 Financial Statements and the 2022 Financial Statements.
Fitch	Fitch Ratings Ltd.
GDP	Gross domestic product.
GEL	Georgian Lari.
Geostat	Legal Entity of Public Law National Statistics Office of Georgia.
GETC	Georgian Energy Trading Company LLC
Georgia Capital	Georgia Capital PLC.
Global Certificates, Global Notes	Regulation S Global Certificate and Rule 144A Global Certificate.
Global Exchange Market	The Euronext Dublin's Global Exchange Market.
GNERC	Georgian National Energy and Water Supply Regulatory Commission.
Government	The government of Georgia
GRPC	JSC Georgian Renewable Power Company
Guarantor	Georgian Water and Power LLC
GRPO	JSC Georgian Renewable Power Operations
GSE	JSC Georgian State Electrosystem
GWP	Georgian Water and Power LLC, a company incorporated under the laws of Georgia with identification number 203826002, whose registered address is at 10 Medea (Mzia) Jugheli Street, Tbilisi 0179, Georgia.
HPP	Hydro power plant.
IASB	International Accounting Standards Board.
IFC	International Finance Corporation.
IFI	International financial institution.

IFRS	International Financial Reporting Standards, as adopted by the IASB.
IMF	International Monetary Fund.
Interim Financial Statements	The unaudited interim condensed financial statements of GGU as at and for the three months ended 31 March 2024 (with comparative information for the three months ended 31 March 2023).
ISO	Independent system operator.
Issuer	Georgia Global Utilities JSC, a company incorporated under the laws of Georgia with identification number 404591599, whose registered address is at 10 Medea (Mzia) Jugheli Street, Tbilisi 0179, Georgia.
LCIA	London Court of International Arbitration.
LTI	Lost time incident.
MEPA	Ministry of Environment Protection and Agriculture of Georgia.
MoESD	Ministry of Economy and Sustainable Development of Georgia.
MRDI	Ministry of Regional Development and Infrastructure of Georgia.
NAPR	National Agency of Public Registry of Georgia.
NBG	National Bank of Georgia.
NFA	National Food Agency of Georgia.
New Market Rules	The new market rules adopted by GNERC on 11 August 2020.
New York Convention	United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958).
Noteholders	Holders of Notes.
Notes	The U.S.$300,000,000 8.875% Notes due 2029.
NRW Ratio	Non-revenue water ratio, representing water that is produced but lost before it reaches the customer.
Official List	The Official List of Euronext Dublin.
PPA	Power purchase agreement.
PPP	Public private partnership.
Qualified Institutional Buyers, QIBs	Qualified Institutional Buyers as defined in Rule 144A.
RAB	Regulated asset base.
RCB	Regulated cost base.
Regulation S	Regulation S under the Securities Act.
Regulation S Notes	Notes that are being offered and sold in accordance with Regulation S.

Regulation S Definitive Certificates	Definitive notes in respect of beneficial interests in the Regulation S Global Certificate.
Regulation S Global Certificate	Global certificate representing the Regulation S Notes.
RWC	Rustavi Water LLC.
Rule 144A	Rule 144A under the Securities Act.
Rule 144A Notes	Notes that are offered and sold in reliance on Rule 144A.
Rule 144A Definitive Certificates	Definitive notes in respect of beneficial interests in the Rule 144A Global Certificate.
Rule 144A Global Certificate	Restricted global certificate representing beneficial interests in Rule 144A Notes.
SAIFI	System average interruption frequency index.
S&P	Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.
Sole Bookrunner, Lead Manager, and Green Structuring Agent and Development Finance Structuring Agent	J.P. Morgan Securities plc.
Stabilising Manager	J.P. Morgan Securities plc.
Supervisory Board	The supervisory board of the Issuer.
Tax Code	The Georgian tax code which came into effect on 1 January 2011.
Trustee	BNY Mellon Corporate Trustee Services Limited.
t CO_2	Tonnes of carbon dioxide.
TSO	Transmission system operator.
US Dollars, Dollars, U.S.$	The US Dollar, the lawful currency of the United States of America.
WACC	Weighted average cost of capital.
WPSO	Wholesale public service organisations

INDEX TO FINANCIAL STATEMENTS

The Consolidated Financial Statements and related auditor's report included on the following pages have been extracted without material adjustment from the annual report published at the date indicated in the auditor's report. References in the auditor's report to "other information" are references to other information in the annual report. Such other information does not form part of these Listing Particulars. In addition, any page references contained in the following pages are as per the respective annual reports, and have not been updated to refer to the relevant "F" page in the following pages.

Georgia Global Utilities JSC

Unaudited interim condensed consolidated financial statements

31 March 2024

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Building a better working world

Report on Review of Interim Financial Information

To the Shareholders and Supervisory Board of Georgia Global Utilities JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Georgia Global Utilities JSC and its subsidiaries, which comprise the interim consolidated statement of financial position as at 31 March 2024 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Other matter

The comparative financial information as at 31 March 2023 and for the three-month period then ended was not reviewed.

Ruslan Khoroshvili (SARAS-A-615243)
On behalf of EY LLC (SARAS-F-855308)
26 June 2024
Tbilisi, Georgia

Interim consolidated statement of financial position

As at 31 March 2024

(Amounts expressed in thousands of Georgian Lari)

	Note	31 March 2024 (unaudited)	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	4	876,279	843,439
Investment property		9,297	9,297
Right-of-use assets		1,017	1,648
Restructured trade receivables	5	112	155
Other non-current assets		5,161	5,452
Total non-current assets		**891,866**	**859,991**
Current assets			
Inventories		7,359	6,942
Trade and other receivables	5	29,043	23,801
Prepaid taxes other than income tax		357	467
Reimbursement assets		1,900	1,900
Prepayments		4,875	3,194
Cash and cash equivalents		9,668	7,282
Total current assets		**53,202**	**43,586**
Total assets		**945,068**	**903,577**
Equity			
Share capital		84,666	84,666
Treasury shares		(15,875)	(15,875)
Additional paid-in capital and other reserves		15,021	15,021
Revaluation reserve for property, plant and equipment		4,385	4,385
Retained earnings		221,479	201,792
Total equity		**309,676**	**289,989**
Liabilities			
Non-current liabilities			
Borrowings	6	2,578	2,604
Deferred revenue		33,260	32,054
Lease liabilities		871	1,512
Other non-current liabilities		168	152
Total non-current liabilities		**36,877**	**36,322**
Current liabilities			
Borrowings	6	524,296	509,295
Advances received		28,063	26,252
Trade and other payables	7	28,351	28,423
Provisions for liabilities and charges		7,187	6,868
Deferred revenue		6,295	6,261
Lease liabilities		165	152
Other taxes payable		4,158	18
Total current liabilities		**598,515**	**577,266**
Total liabilities		**635,392**	**613,588**
Total liabilities and equity		**945,068**	**903,577**

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 26 June 2024:

José Miguel Santos Gonzalez
Chief Executive Officer

The accompanying notes on pages 5 to 13 are an integral part of these Interim consolidated financial statements.

Interim consolidated statement of profit or loss and other comprehensive income

For the three months ended 31 March 2024

(Amounts expressed in thousands of Georgian Lari)

	Note	*For the three months ended 31 March 2024 (unaudited)*	*For the three months ended 31 March 2023 (unaudited, not reviewed)*
Revenue from water supply and related services	8	57,269	44,399
Revenue from electric power sales	9	8,831	4,843
Other revenue		134	154
Total revenue, income and gains		**66,234**	**49,396**
Electricity and transmission costs		(5,368)	(6,131)
Salaries and other employee benefits		(7,283)	(6,390)
Allowance for expected credit losses	5	(2,344)	(1,629)
Taxes other than income tax		(2,067)	(1,923)
General and administrative expenses		(1,357)	(1,094)
Professional fees		(809)	(700)
Raw materials, fuel and other consumables		(860)	(708)
Maintenance expenditure		(795)	(703)
Charge for provisions and legal claims related expenses		(319)	(75)
Other operating expenses		(3,245)	(1,795)
Other income		344	270
		(24,103)	**(20,878)**
EBITDA		**42,131**	**28,518**
Finance income		179	1,161
Finance costs	6	(9,717)	(8,026)
Net foreign exchange gain		554	23,515
Depreciation and amortisation		(13,426)	(10,300)
Net loss from write−off of property and equipment		(34)	(1,015)
Profit before income tax expense		**19,687**	**33,853**
Income tax expense		–	–
Profit and total comprehensive income for the period		**19,687**	**33,853**

The accompanying notes on pages 5 to 13 are an integral part of these interim condensed consolidated financial statements

Interim consolidated statement of changes in equity

For the three months ended 31 March 2024

(Amounts expressed in thousands of Georgian Lari)

	Share capital	*Treasury shares*	*Additional paid−in capital and other reserves*	*Retained earnings*	*Revaluation reserve for property, plant and equipment*	*Total equity*
Balance as at 31 December 2022	**84,666**	**(15,875)**	**15,021**	**152,380**	**4,385**	**240,577**
Profit for the period	−	−	−	33,853	−	**33,853**
Total comprehensive income for the period	**−**	**−**	**−**	**33,853**	**−**	**33,853**
Balance as at 31 March 2023 (unaudited, not reviewed)	**84,666**	**(15,875)**	**15,021**	**186,233**	**4,385**	**274,430**
Balance as at 31 December 2023	**84,666**	**(15,875)**	**15,021**	**201,792**	**4,385**	**289,989**
Profit for the period	−	−	−	19,687	−	**19,687**
Total comprehensive income for the period	**−**	**−**	**−**	**19,687**	**−**	**19,687**
Balance as at 31 March 2024 (unaudited)	**84,666**	**(15,875)**	**15,021**	**221,479**	**4,385**	**309,676**

The accompanying notes on pages 5 to 13 are an integral part of these interim condensed consolidated financial statements

Interim consolidated statement of cash flows

For the three months ended 31 March 2024

(Amounts expressed in thousands of Georgian Lari)

	Note	*For the three months ended 31 March 2024 (unaudited)*	*For the three months ended 31 March 2023 (unaudited, not reviewed)*
Cash flows from operating activities			
Profit before income tax		**19,687**	**33,853**
Adjustments for:			
Depreciation and amortization		13,426	10,300
Allowance for expected credit losses	5	2,344	1,629
Provision charge		319	75
Net loss from disposal of property, plant and equipment		34	1,015
Net foreign exchange gain		(554)	(23,515)
Finance income		(179)	(1,161)
Finance costs		9,717	8,026
Working capital changes			
Change in inventories		(417)	(521)
Change in trade and other receivables		(7,542)	(4,310)
Change in prepaid taxes other than income tax		110	(143)
Change in prepayments		(1,681)	(391)
Change in trade and other payables		(1,065)	1,538
Change in deferred revenue – current portion		34	1,064
Change in advances received		1,811	1,495
Change in other tax payables		4,143	392
Operating cash flows after working capital changes		**40,187**	**29,346**
Change in deferred revenue − non−current portion		1,206	230
Net cash flows from operating activities		**41,393**	**29,576**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(44,736)	(34,501)
Proceeds from sale of property, plant and equipment		119	−
Interest received		144	1,097
Net cash used in investing activities		**(44,473)**	**(33,404)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(279)	(64)
Proceeds from borrowings	6	5,862	−
Interest paid		(7)	(7,834)
Net cash from / (used in) financing activities		**5,576**	**(7,898)**
Effect of foreign exchange rate changes on cash and cash equivalents		(110)	(95)
Net change in cash and cash equivalents		**2,386**	**(11,821)**
Cash and cash equivalents at the beginning of the period		7,282	36,909
Cash and cash equivalents at the end of the period		**9,668**	**25,088**

The accompanying notes on pages 5 to 13 are an integral part of these interim condensed consolidated financial statements

(Amounts expressed in thousands of Georgian Lari)

1. Corporate information

The interim condensed consolidated financial statements of Georgia Global Utilities JSC (GGU) and its subsidiaries (collectively, the Group) for the three months ended 31 March 2024 were authorised for issue on 26 June 2024.

There was no change in the composition of the Group, its business segments, legal address and ultimate controlling parent as compared to 31 December 2023.

2. Basis of preparation

These interim condensed consolidated financial statements for the three months ended 31 March 2024 were prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting.*

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2023, signed and authorized for release on 8 April 2024.

Basis of consolidation used in preparation of these interim condensed consolidated financial statements is consistent with that used and disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value.

The consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim condensed consolidated financial statements. Although these estimates and assumptions are based on management's best judgment at the date of the interim condensed consolidated financial statements, actual results may differ from these estimates.

Assumptions and significant estimates in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

Going concern

As at 31 March 2024, the Group's current liabilities exceeded its current assets by GEL 545,313. Included into current liabilities as at 31 March 2024 are the borrowings due to the Group's Parent in amount of GEL 444,992 and GEL 79,173 with maturity in August 2024 and December 2024, respectively. Subsequent to the end of the interim reporting period, the management of the Group initiated a plan to refinance its liabilities falling due in 2024 through issuance of long−term Eurobonds with expected issue size up to USD 300 million. In case such refinancing is not available or considered by the management to be not economically feasible, the existing debt is expected to be further prolonged by the Parent for the term of at least 12 months since the date of approval of these interim condensed consolidated financial statements. The management of the Group is confident in the Group's ability to settle its liabilities as they come due based on the Group's successful history of debt raising (including capital markets transaction experience) and strong current and projected financial performance, as evidenced by GEL 19,687 net profit, GEL 42,131 EBITDA and GEL 41,393 net operating cash flow for the three month period ended 31 March 2024 (year ended 31 December 2023: GEL 49,412 net profit, GEL 127,682 EBITDA and GEL 134,187 net operating cash flow for 2023, respectively), with a significant increase expected for the full year 2024 as compared to 2023 as the result of water supply tariff increase for legal entities as updated in December 2023 for 2024−2026 tariff cycle. Accordingly, the management considered going concern basis of preparation for these interim condensed consolidated financial statements to be appropriate.

Adoption of new or revised standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(Amounts expressed in thousands of Georgian Lari)

2. Basis of preparation (continued)

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group:

- **Supplier Finance Arrangements − Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

- **Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller−lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller−lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial statements.

- **Amendments to IAS 1: Classification of Liabilities as Current or Non−current**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non−current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non−current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

3. Segment information

Management organized the Group into the following two operating segments based on products sold and services rendered:

Electric power generation and sales

The segment owns hydroelectric and wind power stations that generate electric power for own consumption and for sale to external customers.

Water supply and wastewater collection services

The segment provides water supply and wastewater collection services which is the core activity of the Group.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained below, is measured according to IFRS standards in the same manner as profit or loss in the consolidated financial statements.

Transactions between segments are accounted for at actual transaction prices, with exception for deemed electricity sales for water supply needs measured in accordance with the terms of Georgian National Energy And Water Supply Regulatory Commission (GNERC) regulations applied for water supply tariff setting purposes.

The Group's operations are concentrated in Georgia. All non−current assets of the Group are located in Georgia.

(Amounts expressed in thousands of Georgian Lari)

3. Segment information (continued)

Water supply and wastewater collection services (continued)

The following table present financial results information of the Group's operating segments for the three months ended 31 March 2024 (unaudited).

	Electric power generation and sales	*Water supply and wastewater collection services*	*Intersegment transactions*	*Total*
Revenue from water supply and related services	–	57,269	–	**57,269**
Revenue from electric power sales	10,252	–	(1,421)	**8,831**
Other revenue	–	134	–	**134**
Total revenue, income and gains	**10,252**	**57,403**	**(1,421)**	**66,234**
Electricity and transmission costs	(27)	(6,762)	1,421	**(5,368)**
Salaries and other employee benefits	(693)	(6,590)	–	**(7,283)**
Allowance for expected credit losses	–	(2,344)	–	**(2,344)**
Taxes other than income tax	(5)	(2,062)	–	**(2,067)**
General and administrative expenses	(56)	(1,301)	–	**(1,357)**
Professional fees	(19)	(790)	–	**(809)**
Raw materials, fuel and other consumables	(23)	(837)	–	**(860)**
Maintenance expenditure	(1)	(794)	–	**(795)**
Charge for provisions and legal claims related expenses	–	(319)	–	**(319)**
Other operating expenses	(1,122)	(2,123)	–	**(3,245)**
Other income	10	334	–	**344**
EBITDA	**8,316**	**33,815**	**–**	**42,131**
Finance income	75	104	–	**179**
Finance costs	(641)	(9,076)	–	**(9,717)**
Net foreign exchange (loss)/gain	(53)	607	–	**554**
Depreciation and amortization	(993)	(12,433)	–	**(13,426)**
Net loss from write−off of property and equipment	(4)	(30)	–	**(34)**
Profit before income tax expense	**6,700**	**12,987**	**–**	**19,687**
Income tax expense	–	–	–	**–**
Profit for the period	**6,700**	**12,987**	**–**	**19,687**

(Amounts expressed in thousands of Georgian Lari)

3. Segment information (continued)

Water supply and wastewater collection services (continued)

The following table present financial results information of the Group's operating segments for the three months ended 31 March 2023 (unaudited, not reviewed).

	Electric power generation and sales	*Water supply and wastewater collection services*	*Intersegment transactions*	*Total*
Revenue from water supply and related services	–	44,399	–	**44,399**
Revenue from electric power sales	5,937	–	(1,094)	**4,843**
Other revenue	–	154	–	**154**
Total revenue, income and gains	**5,937**	**44,553**	**(1,094)**	**49,396**
Electricity and transmission costs	(20)	(7,205)	1,094	**(6,131)**
Salaries and other employee benefits	(582)	(5,808)	–	**(6,390)**
Allowance for expected credit losses	–	(1,629)	–	**(1,629)**
Taxes other than income tax	(23)	(1,900)	–	**(1,923)**
General and administrative expenses	(50)	(1,044)	–	**(1,094)**
Professional fees	(4)	(696)	–	**(700)**
Raw materials, fuel and other consumables	(15)	(693)	–	**(708)**
Maintenance expenditure	(1)	(702)	–	**(703)**
Reversal of provisions and legal claims related expenses	–	(75)	–	**(75)**
Other operating expenses	(478)	(1,317)	–	**(1,795)**
Other income	4	266	–	**270**
EBITDA	**4,768**	**23,750**	**–**	**28,518**
Finance income	68	1,093	–	**1,161**
Finance costs	(436)	(7,590)	–	**(8,026)**
Net foreign exchange (loss)/gain	100	23,415	–	**23,515**
Depreciation and amortisation	(657)	(9,643)	–	**(10,300)**
Net loss from write−off of property and equipment	–	(1,015)	–	**(1,015)**
Profit before income tax expense	**3,843**	**30,010**	**–**	**33,853**
Income tax expense	–	–	–	**–**
Profit for the period	**3,843**	**30,010**	**–**	**33,853**

The majority of revenue and cost elements were directly attributed to the relevant segments. The allocation principles and methods used by the management for revenue and costs elements, which cannot be directly attributed to the relevant operating segments, were:

- **Revenue** – for the purposes of segment disclosure, revenue from the internally consumed electricity (generated by Zhinvali HPP and Tetrikhevi HPP) was recorded at the regulated tariffs set by the GNERC (Decree No. 77, dated 28 December 2023) which were applicable for 2024 and 2023, respectively.

- **Salaries and benefits** – The costs of salaries and other benefits except that of administrative staff were attributed directly to the appropriate segments based on actual expenditure. Salaries and benefits of the administrative staff were allocated proportionally based on the number of employees in each operating segment.

- **Interest income and finance costs** were allocated according to the amount of borrowings received by each segment.

(Amounts expressed in thousands of Georgian Lari)

4. Property, plant and equipment

The movements in property, plant and equipment during the three months ended 31 March 2024 were as follows:

	Land plots	*Real estate*	*Infrastruc-ture assets*	*Vehicles*	*Fixtures and fittings*	*CIP*	*Total*
Historical cost 31 December 2023	**7,431**	**45,045**	**1,083,763**	**41,046**	**12,521**	**54,756**	**1,244,562**
Additions	–	–	9,273	29	30	36,614	**45,946**
Disposals	–	–	(88)	(1,847)	(5)	–	**(1,940)**
Transfers	19	85	19,834	2,750	208	(22,896)	–
31 March 2024 (unaudited)	**7,450**	**45,130**	**1,112,782**	**41,978**	**12,754**	**68,474**	**1,288,568**
Accumulated depreciation and impairment							
31 December 2023	**352**	**11,792**	**358,072**	**22,477**	**8,430**	**–**	**401,123**
Depreciation charge	–	185	11,633	819	248	–	**12,885**
Disposals	–	–	(3)	(1,713)	(3)	–	**(1,719)**
31 March 2024 (unaudited)	**352**	**11,977**	**369,702**	**21,583**	**8,675**	**–**	**412,289**
Net book value							
31 December 2023	**7,079**	**33,253**	**725,691**	**18,569**	**4,091**	**54,756**	**843,439**
31 March 2024 (unaudited)	**7,098**	**33,153**	**743,080**	**20,395**	**4,079**	**68,474**	**876,279**

The movements in property, plant and equipment during the three months ended 31 March 2023 were as follow:

	Land plots	*Real estate*	*Water Infrastruc-ture assets*	*Vehicles*	*Fixtures and fittings*	*CIP*	*Total*
Historical cost 31 December 2022	**7,033**	**41,287**	**910,772**	**35,581**	**11,034**	**34,733**	**1,040,440**
Additions	–	–	6,367	21	55	31,787	**38,230**
Disposals	(1)	–	–	(353)	(4)	(992)	**(1,350)**
Transfers	–	279	15,257	670	96	(16,302)	–
31 March 2023 (unaudited, not reviewed)	**7,032**	**41,566**	**932,396**	**35,919**	**11,181**	**49,226**	**1,077,320**
Accumulated depreciation and impairment							
31 December 2022	**352**	**11,054**	**324,252**	**17,735**	**7,460**	**–**	**360,853**
Depreciation charge	–	229	8,513	884	321	–	**9,948**
Disposals	–	–	–	(285)	–	–	**(285)**
31 March 2023 (unaudited, not reviewed)	**352**	**11,283**	**332,765**	**18,334**	**7,781**	**–**	**370,515**
Net book value							
31 December 2022	**6,681**	**30,233**	**586,520**	**17,846**	**3,574**	**34,733**	**679,587**
31 March 2023 (unaudited, not reviewed)	**6,680**	**30,283**	**599,631**	**17,585**	**3,400**	**49,226**	**706,805**

(Amounts expressed in thousands of Georgian Lari)

5. Trade and other receivables

	31 March 2024 (unaudited)	*31 December 2023*
Non−current		
Trade receivables for water supply services from general population	156	200
	156	**200**
Less allowance for expected credit losses	(44)	(45)
Total restructured trade receivables, net	**112**	**155**
Current		
Trade receivables for water supply services from general population	38,870	37,746
Trade receivables for water supply services from legal entities	29,960	23,239
Trade receivables for installation of water meters	150	167
Trade receivables for connection service	3,968	4,005
Trade receivables for electric power sales	687	1,214
	73,635	**66,371**
Less allowance for expected credit losses	(46,781)	(45,011)
Total current trade receivables, net	**26,854**	**21,360**
Other receivables	3,525	3,692
Less allowance for expected credit losses	(1,336)	(1,251)
Total other receivables, net	**2,189**	**2,441**
Total current trade and other receivables, net	**29,043**	**23,801**

The carrying amounts of the Group's trade and other receivables approximate their fair values and are denominated in GEL.

The movements in the ECL allowance for the trade and other receivables are as follows:

	Non−current trade and other receivables	*Current trade and other receivables*	*Total*
31 December 2022	**39**	**40,427**	**40,466**
Allowance for expected credit losses	1	1,628	**1,629**
Bad debts written off	−	(106)	**(106)**
31 March 2023 (unaudited, not reviewed)	**40**	**41,949**	**41,989**
31 December 2023	**44**	**46,264**	**46,308**
Allowance for expected credit losses	−	2,344	**2,344**
Bad debts written off	−	(491)	**(491)**
31 March 2024 (unaudited)	**44**	**48,117**	**48,161**

6. Borrowings

	31 March 2024 (unaudited)		*31 December 2023*	
	Current liabilities	*Non−current liabilities*	*Current liabilities*	*Non−current liabilities*
Loans from the Parent	524,165	−	509,231	−
Loans from Georgian financial institutions	131	2,578	64	2,604
Total borrowings	**524,296**	**2,578**	**509,295**	**2,604**

As of 31 March 2024 the Group has USD−denominated loan from the Parent of GEL 444,992 at fixed interest rate of 7.35% that matures on 31 August 2024 (31 December 2023: GEL 444,020). During 2023, the Group has also obtained a loan from the Parent denominated in EUR with fixed interest rate of 7.6% that matures on 31 December 2024. As at 31 March 2024 outstanding balance from EUR denominated loan from Parent is GEL 79,173 (31 December 2023: GEL 65,211.

(Amounts expressed in thousands of Georgian Lari)

6. Borrowings (continued)

During the three months ended 31 March 2024, accrued interest related to the USD loan from Parent was capitalized to the carrying amount of EUR−loan in the amount of GEL 9,145 (nil for the three months ended 31 March 2023).

As of 31 March 2024, other borrowings comprise of EUR denominated loans from Georgian banks of GEL 227 (31 December 2023: GEL 227) and USD denominated loans from Georgian banks of GEL 2,482 (31 December 2023: GEL 2,441).

At 31 March 2024 the Group has undrawn borrowing facilities from the Parent amounting to GEL 96,757 (31 December 2023: GEL 114,449).

For the three months ended 31 March 2024, the Group incurred borrowings costs of GEL 9,753 (for the three months ended 31 March 2023: GEL 8,085) of which GEL 36 has been capitalized to property, plant and equipment (2023: GEL 59).

7. Trade and other payables

	31 March 2024 (unaudited)	*31 December 2023*
Payables for non−current assets	11,128	9,177
Trade payables	8,705	16,164
Payables to employees	8,023	2,479
Other payables	495	603
Total trade and other payables	**28,351**	**28,423**

Trade and other payables are non−interest bearing and are normally settled within 60 days.

8. Revenue from water supply and related services

	For the three months ended 31 March 2024 (unaudited)	*For the three months ended 31 March 2023 (unaudited, not reviewed)*
Revenue from water supply to legal entities	42,405	29,910
Revenue from water supply to general population	13,297	13,291
Total revenue from water supply before charges for related services	**55,702**	**43,201**
Charges for connection service	1,507	1,148
Charges for installation of water meters	60	50
Total revenue from water supply and related services	**57,269**	**44,399**

From 1 January 2024, new water supply tariffs came into effect, approved by GNERC in December 2023. The revised tariffs were approximately 35.4% higher for Tbilisi legal entity customers as compared to those applicable in 2023. The tariff for water supply to general population in Tbilisi remained the same. Accordingly, revenue from water supply increased over three month ended 31 March 2024 as compared to respective three−month period of 2023 as the result of tariff increase.

(Amounts expressed in thousands of Georgian Lari)

9. Revenue from electric power sales

	For the three months ended 31 March 2024 (unaudited)	*For the three months ended 31 March 2023 (unaudited, not reviewed)*
Revenue from electric power sales to legal entities	8,283	4,599
Revenue from electric power sales to government−related entities	548	244
Total revenue from electric power sales	**8,831**	**4,843**

10. Related parties disclosures

In accordance with IAS 24, *Related Party Disclosures*, parties are considered to be related if one party has the ability to control or jointly 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.

The Group's immediate parent is Aqualia Georgia LLC and its ultimate controlling parent is FCC Aqualia S.A.

Transactions with Georgia Capital JSC (which exercises significant influence on the Group) and entities under its control are presented in the table below as transactions with other related parties.

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

	31 March 2024 (unaudited)		*31 December 2023*	
	Parent	*Other (GCAP companies)*	*Parent*	*Other (GCAP companies)*
Assets				
Trade and other receivables (including ECL of nil)	−	2,366	−	2,170
Prepayments	−	1,035	−	12
Reimbursement asset	−	1,900	−	1,900
Borrowings as at 1 January	**509,231**	−	**446,279**	−
Proceeds from borrowings and interest accrued during the period/year	15,443	−	71,316	−
Repayment of borrowing including interest during the period/year	−	−	(8,564)	−
Foreign exchange differences on borrowings	(509)	−	200	−
Borrowings as at 31 March (unaudited) / 31 December	**524,165**	**−**	**509,231**	**−**
Liabilities				
Advances received	−	62	−	46
Trade and other payables	495	152	394	147

(Amounts expressed in thousands of Georgian Lari)

10. Related parties disclosures (continued)

	For the three months ended 31 March 2024 (unaudited)		*For the three months ended 31 March 2023 (unaudited, not reviewed)*	
	Parent	***Other (GCAP companies)***	***Parent***	***Other (GCAP companies)***
Income and expenses				
Revenue from water supply	–	720	–	392
Professional fees	(485)	–	–	(376)
Other operating expenses	–	(1,318)	–	(649)
Finance costs	(9,594)	–	(7,951)	–

Directors' compensation

Total compensation to key management for the three months ended 31 March 2024 and 2023 was as follows:

	For the three months ended 31 March 2024 (unaudited)	*For the three months ended 31 March 2023 (unaudited, not reviewed)*
Salaries and benefits	647	904
Bonuses	197	276
Total management compensation	**844**	**1,180**

11. Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position as at 31 March 2024 include investment property with fair value of GEL 9,297 (Level 3 of fair value hierarchy) (31 December 2023: GEL 9,297).

The Group measures fair value of its investment properties at the end of each reporting period. The real estate market in Georgia is relatively illiquid and inert, with market values tending to be stable over prolonged periods of time. Significant judgment is exercised in determination on whether fair value changes over the interim period since the date of the last revaluation are material and thus warrant recognition in the interim condensed combined financial statements. The management concluded that valuations of individual properties as at 31 March 2024 continue to remain stable as compared to 31 December 2023 and, thus, no further revaluation is required to be recognized in these interim condensed combined financial statements.

All financial instruments for which fair values are disclosed by the Group as at 31 March 2024 and 31 December 2023, are measured at fair value using a valuation technique with market observable and unobservable inputs. There were no changes in valuation techniques for Level 3 recurring fair value measurements in 2024 and 2023.

The fair values in Level 2 and Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of fixed rate borrowings (Level 2 of fair value hierarchy) is GEL 521,333 as at 31 March 2024 (31 December 2023: GEL 504,620).

Management assessed that the fair values of cash at banks, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short−term maturities of these instruments.

12. Events after the reporting period

Subsequent to 31 March 2024, the Group drawn EUR 4 million (GEL 11.6 million) out of existing borrowing facility from its Parent.

Georgia Global Utilities JSC

Consolidated financial statements

for the year ended 31 December 2023
with independent auditor's report

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Independent auditor's report

To the Shareholders and Supervisory Board of Georgia Global Utilities JSC

Opinion

We have audited the consolidated financial statements of Georgia Global Utilities JSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Other information included in the Group's 2023 Management Report

Other information consists of the information included in the Group's 2023 Management Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Management Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Supervisory Board for the consolidated financial statements

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

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

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

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

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

Dmytro Iurgelevych (SARAS-A-644274)

On behalf of EY LLC (SARAS-F-855308)

8 April 2024

Tbilisi, Georgia

Consolidated statement of financial position

As at 31 December 2023

(Amounts expressed in thousands of Georgian Lari)

	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	8	843,439	679,587
Investment property	9	9,297	7,368
Right-of-use assets		1,648	332
Restructured trade receivables	12	155	90
Other non-current assets	10	5,452	7,661
Total non-current assets		**859,991**	**695,038**
Current assets			
Inventories	11	6,942	5,776
Trade and other receivables	12	23,801	21,449
Loans issued		–	–
Prepaid taxes other than income tax		467	18
Reimbursement assets	25	1,900	–
Prepayments		3,194	1,539
Financial assets held for trading		–	–
Other current assets		–	–
Cash and cash equivalents	26	7,282	36,909
Total current assets		**43,586**	**65,691**
Total assets		**903,577**	**760,729**
Equity			
Share capital	13	84,666	84,666
Treasury shares	13	(15,875)	(15,875)
Additional paid-in capital and other reserves	13	15,021	15,021
Revaluation reserve for property, plant and equipment	13	4,385	4,385
Retained earnings		201,792	152,380
Total equity		**289,989**	**240,577**
Liabilities			
Non-current liabilities			
Borrowings	14	2,604	446,180
Deferred revenue	15	32,054	29,797
Lease liabilities		1,512	176
Other non-current liabilities		152	89
Total non-current liabilities		**36,322**	**476,242**
Current liabilities			
Borrowings	14	509,295	3,030
Advances received	15	26,252	16,275
Trade and other payables	16	28,423	14,627
Provisions for liabilities and charges	25	6,868	1,855
Deferred revenue	15	6,261	5,495
Lease liabilities		152	168
Other taxes payable		15	2,460
Total current liabilities		**577,266**	**43,910**
Total liabilities		**613,588**	**520,152**
Total liabilities and equity		**903,577**	**760,729**

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 8 April 2024:

José Miguel Santos Gonzalez
Chief Executive Officer

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2023

(Amounts expressed in thousands of Georgian Lari)

	Note	*31 December 2023*	*31 December 2022*
Assets			
Non−current assets			
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Other taxes payable		15	2,460
Total current liabilities		**577,266**	**43,910**
Total liabilities		**613,588**	**520,152**
Total liabilities and equity		**903,577**	**760,729**

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 8 April 2024:

José Miguel Santos Gonzalez

Chief Executive Officer

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

(Amounts expressed in thousands of Georgian Lari)

	Note	*2023*	*2022* (Reclassified)*
Revenue from water supply and related services	17	190,969	184,870
Revenue from electric power sales	18	28,747	23,891
Other revenue		611	1,254
Total revenue, income and gains		**220,327**	**210,015**
Electricity and transmission costs		(23,574)	(24,081)
Salaries and other employee benefits	19	(27,637)	(21,029)
Allowance for expected credit losses	12	(7,314)	(6,716)
Taxes other than income tax		(9,487)	(7,169)
General and administrative expenses	20	(5,631)	(4,206)
Professional fees	21	(3,045)	(2,969)
Raw materials, fuel and other consumables		(3,638)	(3,656)
Maintenance expenditure		(2,660)	(2,095)
Charge for provisions and legal claims related expenses		(913)	(737)
Other operating expenses	23	(12,444)	(6,239)
Other income	22	3,698	1,357
		(92,645)	**(77,540)**
EBITDA		**127,682**	**132,475**
Finance income		2,094	4,491
Finance costs	24	(34,330)	(38,138)
Net foreign exchange (loss) gain		(162)	57,873
Depreciation and amortisation		(42,898)	(37,749)
Net loss from write−off of property and equipment		(2,974)	(276)
Non−recurring income, net		–	1,009
Profit before income tax expense from continuing operations		**49,412**	**119,685**
Income tax expense		–	–
Profit for the year from continuing operations		**49,412**	**119,685**
Discontinued operations:			
Loss after tax for the year from discontinued operations	4	–	(1,993)
Profit for the year		**49,412**	**117,692**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Gain from currency translation differences		–	7,631
Other comprehensive income for the year from continuing operations		–	7,631
Other comprehensive loss for the year from discontinued operations – loss from currency translation differences	4	–	(2,980)
Total other comprehensive income		–	**4,651**
Total comprehensive income for the year		**49,412**	**122,343**

* *Certain amounts do not correspond to the 2022 consolidated financial statements reflecting the adjustment made for presentation of loss from Property plant and equipment write−off (Note 3).*

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2023

(Amounts expressed in thousands of Georgian Lari)

	Share capital	Treasury shares	Additional paid−in capital and other reserves	Retained earnings	Revaluation reserve for property, plant and equipment	Total
Balance as at 31 December 2021	**84,666**	−	**26,381**	**44,391**	**4,385**	**159,823**
Profit for the year	−	−	−	117,692	−	**117,692**
Foreign currency translation reserve	−	−	4,651	−	−	**4,651**
Total comprehensive income for the year	**−**	**−**	**4,651**	**117,692**	**−**	**122,343**
Transfers to parent under share−based compensation program	−	−	(685)	−	−	**(685)**
Distribution of Energy business to the shareholders (Note 4)	−	(15,875)	(15,326)	(9,703)	−	**(40,904)**
Balance as at 31 December 2022	**84,666**	**(15,875)**	**15,021**	**152,380**	**4,385**	**240,577**
Profit for the year	−	−	−	49,412	−	**49,412**
Total comprehensive income for the year	**−**	**−**	**−**	**49,412**	**−**	**49,412**
Balance as at 31 December 2023	**84,666**	**(15,875)**	**15,021**	**201,792**	**4,385**	**289,989**

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2023

(Amounts expressed in thousands of Georgian Lari)

	Note	2023	2022
Cash flows from operating activities			
Profit before income tax expense		**49,412**	**117,692**
Adjustments for:			
Depreciation and amortisation		42,898	45,819
Allowance for expected credit losses	12	7,314	6,716
Charge for provisions and legal claims related expenses		913	737
Net loss from disposal of and write−off of property, plant and equipment		2,974	1,847
Revaluation (gain) loss on investment property	9	(1,930)	14
Net foreign exchange losses(gains)		162	(58,050)
Finance income		(2,094)	(5,351)
Finance costs	24	34,330	55,845
Termination bonus payment		−	(1,306)
Derecognition of unclaimed advances received and trade payables		−	(342)
Non−recurring expenses, net		−	792
Working capital changes			
Change in inventories		(1,166)	(664)
Change in trade and other receivables		(9,677)	(7,339)
Change in reimbursement assets	25	(1,900)	−
Change in prepaid taxes other than income tax		(449)	(2,896)
Change in prepayments		(1,655)	(417)
Change in trade and other payables		4,500	(3,613)
Change in deferred revenue – current portion		766	(50)
Change in advances received		9,977	612
Change in other tax payables		(2,445)	1,100
Operating cash flows after working capital changes		**131,930**	**151,174**
Change in deferred revenue – non−current portion		2,257	2,923
Net investments in trading securities		−	6,808
Net cash flows from operating activities		**134,187**	**160,905**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(193,563)	(109,702)
Proceeds from sale of property, plant and equipment and investment property		200	2,949
Purchase of other non−current assets		−	−
Proceeds from loan issued		−	(10,485)
Interest received		1,891	5,088
Purchase of the Parent's bonds			
Distribution of Energy business to the shareholders	4	−	(15,144)
Net cash used in investing activities		**(191,472)**	**(127,294)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(735)	(281)
Proceeds from borrowings	14	37,355	738,816
Repayment of borrowings	14	(118)	(726,793)
Interest paid	14	(8,850)	(70,542)
Commission for prepayment of loans		−	(27,461)
Transfers to parent under share−based compensation program		−	(3,563)
Net cash from (used in) financing activities		**27,652**	**(89,824)**
Effect of exchange rate changes on cash and cash equivalents		6	(3,720)
Net change in cash and cash equivalents		**(29,627)**	**(59,933)**
Cash and cash equivalents at the beginning of year	26	36,909	96,842
Cash and cash equivalents at the end of year	26	**7,282**	**36,909**

In 2023 following non−cash items were included in purchase of property, plant and equipment and intangible assets: GEL 2,087 (2022: GEL 4,165) and GEL 12,230 (2022: GEL 365) of change in prepayments and payables for non−current assets respectively, capitalised accrued bonuses and capitalised borrowing costs to GEL 1,446 and GEL 218 (2022: GEL 2,629 and GEL 286) respectively.

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Georgian Lari)

1. Corporate information

Georgian Global Utilities LTD, formerly known as Multiplex Energy Limited, was incorporated in British Virgin Islands on 16 August 2007 as a private limited liability company.

In the beginning of 2020, Georgian Global Utilities LTD implemented a planned de−offshorisation (re−domiciliation), pursuant whereto, change has been made to the Georgian Global Utilities LTD's shareholding structure. Georgian Global Utilities LTD has been replaced by Georgia Global Utilities JSC, identification number 404591599 ("GGU" or "the Company"), a Georgian resident entity, incorporated on 22 January 2020 in accordance with regulation of the National Agency of Public Registry, as a 100% owned subsidiary of Georgia Capital JSC.

In March 2020, Georgian Global Utilities LTD was liquidated.

GGU is considered as a continuation of Georgian Global Utilities LTD for the purpose of preparation of these consolidated financial statements.

Change in controlling shareholder in 2022

On 31 December 2021, Georgia Capital JSC ("GCAP") concluded a share purchase agreement to sell 80% of its equity interest in the water utility business of GGU to FCC Aqualia S.A. ("Aqualia"), by way of a two−stage transaction.

On 3 February 2022, with the receipt of full sales proceeds by GCAP and transfer of 65% of ordinary shares of GGU to Aqualia the first stage of the water utility business sale transaction has been completed. Accordingly, Aqualia became the new controlling shareholder of GGU's water business.

The second stage of the transaction followed the planned redemption in third quarter 2022 of USD 250 million Eurobond issued by GGU, which is financed pro−rata to their interests in GGU by Aqualia and GCAP by way of a shareholder loan (Note 14). Following the bond redemption and subsequent demerger of the operational renewable energy assets via a spin−off described below, GCAP recovered full ownership of the Group's renewable energy assets, and Aqualia's ownership in the water utility business increased to 80%. As at 31 December 2023 and 2022, Aqualia Georgia LLC (a subsidiary of Aqualia) and GCAP own 80% and GCAP 20% of GGU's shares, respectively.

In June 2022, GGU established a 100% owned subsidiary Georgian Renewable Power Operations ("GRPO") and in October 2022 transferred GGU's Energy Segment subsidiaries (Svaneti Hydro JSC, Hydrolea LLC and Qartli Wind Farm LLC) to GRPO in exchange for GRPO issuing its equity instruments. GRPO was then divested to GCAP in exchange of redemption of the Company's shares. The effect of the renewable energy business distribution on these consolidated financial statements is disclosed in Note 4.

GGU is a holding parent company of the following entities (referred together as "the Group"):

	Country of incorporation	***Date of incorporation***	***Date of acquisition***	***31 December 2023***	***31 December 2023***
Georgian Water and Power LLC	Georgia	25−Jun−1997	14−May−2008	100%	100%
Rustavi Water LLC *	Georgia	31−Aug−1999	14−May−2008	−	100%
Gardabani Sewage Treatment Plant LLC	Georgia	20−Dec−1999	14−May−2008	100%	100%
Georgian Engineering and Management Company LLC	Georgia	29−Mar−2011	29−Mar−2011	100%	100%
Saguramo Energy LLC	Georgia	11−Dec−2008	19−Dec−2015	100%	100%
Georgian Energy Trading Company LLC	Georgia	23−Apr−2019	15−Dec−2019	100%	100%

* Rustavi Water LLC was legally merged with Georgian Water and Power LLC in 2023.

GGU is rendering water supply and wastewater collection services to legal entities and general population of Tbilisi, Rustavi, Mtskheta cities and the nearby villages. GGU owns and operates water and wastewater infrastructure assets used in water supply and wastewater collection. As at 31 December 2023 GGU also owned and operated hydroelectric stations generating electric power for own use and for sale. The Group also engages in electric power trading.

The GGU's registered address is 10 Medea (Mzia) Jugheli Str., 0179, Tbilisi, Georgia.

(Amounts expressed in thousands of Georgian Lari)

2. Basis of preparation

These consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") effective for 2023 reporting.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value.

The consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated.

Change in presentation

In 2023, the Group amended presentation of losses write−off of property and equipment, previously presented in other operating expenses. From 2023, the Group presents such losses together with net losses from disposal of property and equipment below EBITDA subtotal in its consolidated statement of profit or loss and other comprehensive income. Comparative information and explanatory notes have been amended accordingly.

Going concern

As at 31 December 2023, the Group's current liabilities exceeded its current assets by GEL 533,680. Included into current liabilities as at 31 December 2023 are the borrowings due to the Group's Parent in amount of GEL 444,020 and GEL 65,211 with maturity in August 2024 and December 2024, respectively, which the management of the Group expects to refinance with new long−term debt provided by the third parties or, in case such refinancing is not available or considered by the management to be not economically feasible, to be further prolonged by the Parent for the term of at least 12 months since the date of approval of these consolidated financial statements. The management of the Group is confident in the Group's ability to settle its liabilities as they come due based on the Group's successful history of debt raising (including capital markets transaction experience) and strong current and projected financial performance, as evidenced by GEL 49,412 net profit, GEL 127,682 EBITDA and GEL 134,187 net operating cash flow for 2023, respectively, with significant further increase expected for 2024 and going forward as the result of water supply tariff increase by 40% for legal entities as updated in December 2023 for 2024−2026 tariff cycle. Accordingly, the management considered going concern basis of preparation for these financial statements to be appropriate.

3. Summary of material accounting policies

Adoption of new or revised standards and interpretations

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group, except as discussed below:

- *IFRS 17 Insurance Contracts*
- *Definition of Accounting Estimates – Amendments to IAS 8*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
- *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group revised its disclosure of accounting policies as presented in this note. The revised material accounting policy information focuses on how the Group has applied the requirements of the IFRSs to its own circumstances and includes largely items where the Group chose an accounting policy from one or more options permitted by IFRSs, items subject to significant judgments or estimates, and excludes information that only duplicates or summarizes the requirements of IFRSs, as well as accounting policies about immaterial matters.

(Amounts expressed in thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Amendments to IFRS 16: Lease liability in a Sale and Leaseback* − The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1: Classification of Liabilities as Current or Non−current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non−current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non−current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
- The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. *Supplier Finance Arrangements − Amendments to IAS 7 and IFRS 7*

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The Group is assessing the impact of the revised standards and amendments.

Business combinations under common control

The business combinations under common control are accounted for using pooling of interest method with restatement of periods prior to the combination under common control.

The assets and liabilities acquired are recognised at carrying amounts to reflect the combination as if it had occurred from the beginning of the earliest period presented and no adjustments are made to reflect fair values at the date of combination. The difference between consideration transferred and net assets acquired is recorded as an adjustment to the equity. No goodwill is recognised as a result of business combination under common control.

Fair value measurement

The Group measures financial instruments, such as derivatives and non−financial assets such as investment properties, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in Note 26.

For assets and liabilities that are measured in the consolidated financial statements at fair value 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.

(Amounts expressed in thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Financial assets

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

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.

For purposes of subsequent measurement, financial assets of the Group are classified as financial assets at amortised cost, which include trade and other receivables and cash at bank.

Impairment of receivables

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. 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.

For receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

A financial asset is credit−impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. For majority of its trade receivables, the Group evaluates the assets to be credit−impaired on a collective basis based on days past due information. The asset is deemed to be credit−impaired if it becomes past due for 90 days or more. Other evidence of impairment may include:

- Significant financial difficulty of the counterparty;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- There is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

If, in a subsequent year, the amount of the estimated ECLs increases or decreases, the previously recognised ECLs are increased or reduced by adjusting the allowance account. If a future write−off is later recovered, the recovery is credited to the profit or loss in the allowance for impairment of trade receivables line a reversal of impairment.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows discounted at the original effective interest rate of the asset.

Note 12 provides further details on assessment and judgement applied in respect with ECL and write−off of trade and other receivables.

Derecognition of financial instruments

Financial assets

Uncollectible assets are written off against the related ECL allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. In addition, a customer may file an application with the regulator, GNERC, for derecognition of a receivable overdue for more than 3 years. If such an application is approved by GNERC, the Group is required to derecognize respective receivable by law. Write−off constitutes a derecognition event.

Financial liabilities

All of the Group's financial liabilities, including borrowings and trade and other payables, are carried at amortised cost except for derivative financial liabilities held at fair value.

(Amounts expressed in thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Derecognition of financial instruments (continued)

A financial liability is derecognized 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 (such as where the present value of the modified cash flows discounted using the original effective interest rate differs by more than 10% from the carrying value of the original liability), or the terms of an existing liability are substantially modified (for example, by changing the currency of denomination, changing interest rate accrual basis from fixed to floating or visa versa, or by introduction of an equity conversion feature), 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 recognized in the profit or loss.

Property, plant and equipment

Water infrastructure assets comprise a network of systems consisting of raw water aqueducts, mains and sewers, impounding and pumped raw water storage reservoirs and sludge pipelines. Energy infrastructure assets (related to the divested renewable energy business) mainly comprised of turbine−generators, intakes and reservoirs as well as measurement masts required for wind projects and water−flow measurement stations. Investment expenditure on infrastructure assets relating to increases in capacity or enhancements of the network and asset replacements to maintain the operating capability of the network is treated as an addition and initially recorded at cost, whilst repair and maintenance expenditure which does not enhance the asset's base is charged as an operating cost. In addition to the purchase price, cost of property, plant and equipment, including assets under construction, includes directly attributable costs. Directly attributable costs include professional services provided by technical, environmental and other relevant experts and an allocation of internal costs.

The Group owns real estate that mainly consists of administrative buildings and operational premises. All categories of property, plant and equipment are accounted for at cost less accumulated depreciation and impairment.

Depreciation of an asset commences from the date the asset is ready and available for use. Depreciation of depreciable amount (defined as cost less residual value) is calculated on a straight−line basis over estimated useful lives. Existing useful lives applicable for several classes of property, plant and equipment are:

	Useful lives
Real estate	Up to 60 years
Water infrastructure assets	5−45 years
Energy infrastructure assets (applicable for 2022)	10−50 years
Fixtures and fittings	5−10 years
Vehicles	5−10 years

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. Residual values for majority of the Group's property and equipment, except for vehicles, is assessed at nil.

Investment property

Investment property is represented by land and buildings that are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income, capital appreciation or both. Investment property also includes land held for undetermined future use.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise and presented within Other income.

Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. If the possibility of outflow becomes probable, the Group recognizes respective Provisions for liabilities and charges to provisions. Contingent assets are not recognized in the consolidated statement of financial position unless reimbursement is virtually certain (which is usually the case with reimbursement from insurance companies) but disclosed when an inflow of economic benefits is probable.

(Amounts expressed in thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Taxation

The annual profit earned by entities other than banks, insurance companies and microfinance organizations are not taxed in Georgia starting from 1 January 2017. Corporate income tax is levied on profit distributed as dividends to the shareholders that are individuals or non−residents of Georgia at the rate of 15/85 of net distribution. The corporate income tax arising from the payment of dividends is accounted for as a liability and expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. In certain circumstances, deductions from income tax charge payable are available that are accounted as reduction of income tax expense related to respective distribution. The companies are able to offset corporate income tax liability arising from dividend distributions out of profits earned in 2008−2016 by the amount of corporate income tax paid for the respective period under the current regulation. Dividends distributions between Georgian resident companies is not subject to corporate income tax. Due to the nature of the Georgian taxation system, no deferred tax assets and liabilities arise for the entities registered in Georgia.

Georgian tax legislation also provides for charging corporate income tax on abnormal water losses. Pursuant to the regulation published by GNERC, normative loss rate has been increased and the Group does not expect to be subject to respective taxes. Taxation of such transactions is not considered to be in scope of IAS 12 *Income Taxes* and is accounted as other expenses in the consolidated statement of profit or loss and other comprehensive income.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average basis.

Cash and cash equivalents

Cash and cash equivalents include current accounts and deposits held with banks at call or with original maturities of three months or less and are subject to insignificant risk of change in value.

Share capital

The amount of the Company's authorized share capital is defined by the Company's charter. The authorized capital is recognised as share capital in the equity of the Company to the extent that it was paid. Treasury shares are presented separately in the consolidated statement of financial position.

Value added tax

Value added tax ("VAT", charged at 18% in Georgia) related to sales is payable to tax authorities when goods are shipped or services are rendered. Input VAT is recognised upon the receipt of a tax invoice from a supplier but is reclaimable against sales VAT only upon a payment of such invoice. The tax legislation permits the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases, which have not been settled at the end of the reporting period is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Provisions for liabilities and charges to provisions

Provisions for liabilities are non−financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, 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 the obligation can be made, such as in case of litigations against the Group.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain, which is normally the case whether the Group has a valid insurance contract in place.

In the normal course of business, the Group is a party to legal actions. As at the reporting date, management is unaware of any actual, pending or threatened claims against the Group that would have a material impact on the Group's financial position, except as recognized within provisions in the consolidated statement of financial position.

EBITDA

The Group separately presents EBITDA on the face of consolidated statement of profit or loss and other comprehensive income. EBITDA is not defined in IFRS and is defined by the Group as earnings before interest, taxes, depreciation and amortisation, and is derived as the Group's profit before income tax expense but excluding the following line items: depreciation and amortisation, interest income, finance costs, net foreign exchange gains or losses, loss from property and equipment disposals and write−offs and non−recurring expenses.

(Amounts expressed in thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Functional currencies and foreign currency translation

The Group's consolidated financial statements are presented in Georgian Lari. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Georgian Lari was determined to be the functional currency of the Company and its subsidiaries following divestment of the energy business in 2022 (prior to the divestment, the functional currency of the Company and the energy business subsidiaries was US Dollar).

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 foreign exchange losses less gains. The official NBG exchange rates as at 31 December 2023 and 2022 were 2.9753 and 2.8844 GEL to 1 Euro, respectively. The official NBG exchange rates as at 31 December 2023 and 2022 were 2.6894 and 2.7020 GEL to 1 USD, respectively.

Income and expense recognition

Revenue is recognized when the Group satisfies a performance obligation at an amount that reflects the consideration to which the Group expects to be entitled in exchange for promise to transfer the goods and services to a customer. The following specific principles also apply to the Group's major classes of revenues:

Revenue from water supply and related services

Revenue from water supply is recognized over time as a single performance obligation to supply water to customer is satisfied. Amounts billed to customers include billings for water supply as well as charges for connection and installation of water meters, as follows.

Revenue from water supply to legal entities includes amounts billed to the commercial customers based on the metered and estimated usage of water and by application of the relevant tariff for services set per unit of water supplied. Meters are read on a cyclical basis and the Group recognises revenue for unbilled amounts based on estimated usage of water based on the last billing through to the end of the financial year.

Revenue from water supply to general population includes amounts billed on monthly basis to the residential customers (with meter) based on the metered usage of water and by application of the relevant tariff for services set per unit of water supplied. For the residential customers having no meters, revenue is recognized based on the number of individual persons registered by the respective city municipality per each residential address by application of the relevant per capita tariff on a monthly basis.

Charges for installation of water meters includes amounts billed to residential customers under GNERC rules. The performance obligations under such contracts are satisfied over time as the Group supplies water to respective customer and the revenue is recognised during the service period. The estimated service period for the meters is considered to be 10 years. The revenue is recognized over the respective time period.

Charges for connection service includes non−refundable amounts billed upfront for connecting customers to water system and providing them with the access to water supply. Charges from connection is recognized as revenue from water supply over the time in line with the satisfaction of performance obligation to supply water to respective customer over the life of water meters.

Revenue from electric power sales (including those presented within discontinued operations)

Revenue from electric power sales is recognised on the basis of metered electric power transferred and by application of the fixed price according to the agreement formed with customers. Customers are usually obliged to pay the respective balances by a following month end.

Penalty income on illegal connections services

Penalty income on illegal connections services includes fines billed to customers for illegal connections identified by reinforced activities. Amounts billed are defined based on respective tariffs set by GNERC. Penalty income on illegal connections services is included in other income in the consolidated statement of profit or loss and other comprehensive income (Note 22).

Electricity and transmission costs

Electricity and transmission costs include payments for guaranteed power, for transit and dispatching of electric power and for maintenance of stations.

(Amounts expressed in thousands of Georgian Lari)

4. Discontinued operations

Following change in the controlling shareholder of the Group (Note 1) and redemption of the Eurobonds (Note 14), in October 2022 GGU transferred its Energy Segment subsidiaries (Svaneti Hydro JSC, Hydrolea LLC and Qartli Wind Farm LLC) to Georgia Capital JSC in exchange of redemption of the Company's shares (Note 13).

The management of the Group determined that divestment of the renewable energy business meets the definition of a discontinued operation under IFRS 5, as renewable energy represented a separate major line of the Group's business. Further, the management exercised significant judgment and concluded that the renewable energy business, being a distribution of non−cash assets to shareholder, does not fall in scope of IFRIC 17 Distributions of Non−cash Assets to Owners, as the renewable energy business was ultimately controlled by Georgia Capital JSC before and after distribution via rights arising from class of shares hold by Georgia Capital JSC and the terms of shareholders agreement between Georgia Capital and Aqualia. Accordingly, distribution of the renewable energy business was accounted for as a reduction of the Group's equity in amount equal to book value of the divested assets.

The Group presented the aggregate results of operations of the renewable energy business in a single line in consolidated statement of profit or loss and other comprehensive income for 2022.

The major classes of assets and liabilities of Energy Business at disposal date were as follows:

	At disposal date
Assets	
Non−current assets	
Property, plant and equipment	267,239
Right−of−use assets	1,373
Loans issued	9,705
Other non−current assets	864
Total non−current assets	**279,181**
Current assets	
Inventories	359
Trade and other receivables	4,838
Loans Issued	255
Prepaid taxes other than income tax	4,384
Reimbursement assets	2,122
Prepayments	610
Cash at bank	15,144
Total current assets	**27,712**
Total assets	**306,893**
Liabilities	
Non−current liabilities	
Long term borrowings	259,372
Lease liabilities	1,229
Other non−current liabilities	503
Total non−current liabilities	**261,104**
Current liabilities	
Current borrowings	392
Trade and other payables	1,196
Lease liabilities	112
Other taxes payable	3,097
Other current liabilities	88
Total current liabilities	**4,885**
Total liabilities	**265,989**
Total liabilities and equity	**306,893**
Net assets directly associated with disposal of Energy Business	**40,904**

(Amounts expressed in thousands of Georgian Lari)

4. Discontinued operations (continued)

Results of operations of the Energy Business for 2022 prior to disposal date are presented below:

	2022 up to the date of disposal
Revenue from electric power sales	33,043
Total revenue	**33,043**
Electricity and transmission costs	(433)
Salaries and other employee benefits	(869)
Taxes other than income tax	(1,639)
General and administrative expenses	(263)
Professional fees	(400)
Raw materials, fuel and other consumables	(246)
Maintenance expenditure	(1,767)
Other operating expenses	(1,307)
Operating expenses	**(6,924)**
EBITDA	**26,119**
Finance income	860
Finance costs	(17,707)
Foreign exchange gains/(losses)	177
Depreciation and amortization	(8,070)
Non−recurring expenses	(1,801)
Loss on disposal of PPE	(1,571)
Loss before income tax expense	**(1,993)**
Income tax expense	–
Loss for the year from discontinued operations	**(1,993)**

5. Related party disclosure

In accordance with IAS 24, *Related Party Disclosures*, parties are considered to be related if one party has the ability to control or jointly 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.

Change in controlling shareholder (Note 1) resulted in change in the composition of related parties of the Group. As at 31 December 2023 and for the period from 3 February 2022, the Group's immediate parent is Aqualia Georgia LLC and its ultimate controlling parent is Aqualia FCC S.A. As at 31 December 2023 and for the year then ended, and for the period from 1 January 2022 to 3 February 2022 the Group's parent was Georgia Capital JSC and its ultimate controlling parent was Georgia Capital PLC. Following change in controlling shareholder, transactions with Georgia Capital JSC and entities under its control are presented in the table below as transactions with other shareholders.

(Amounts expressed in thousands of Georgian Lari)

5. Related party disclosure (continued)

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

	31 December 2023		*31 December 2022*		
	Parent	***Other (GCAP companies)***	***Parent***	***Other shareholders***	***Other (GCAP companies)***
Assets					
Trade and other receivables (including ECL of nil)	–	2,170	–	–	2,206
Prepayments	–	12	–	–	756
Reimbursement asset	–	1,900	–	–	–
Borrowings as at 1 January	**446,279**	–	**–**	**–**	**2,245**
Proceeds from borrowings and interest accrued during the year	71,316	–	487,993	262,727	415
Repayment of borrowing including interest during the year	(8,564)	–	(8,188)	–	–
Forex on borrowings	200	–	(33,526)	–	(44)
Currency translation differences on borrowings	–	–	–	(6,366)	–
Disposal of Energy Business	–	–	–	(256,361)	(2,616)
Borrowings as at 31 December	**509,231**	**–**	**446,279**	**–**	**–**
Liabilities					
Advances received	–	46	–	19	19
Trade and other payables	394	147	–	103	103

	2023		*2022*		
	Parent	***Other (GCAP companies)***	***Parent***	***Other shareholders***	***Other (GCAP companies)***
Income and expenses					
Revenue from water supply	–	1,810	–	–	2,132
Other revenue	–	–	–	–	236
Professional fees	(1,353)	–	(873)	–	–
Other operating expenses[1t]	–	(2,721)[1]	–	–	(2,619)[2]
Finance costs	(33,741)	–	(11,365)	(1,403)	
Finance income	–	–		260	

1 Other operating expenses mostly comprises of insurance expense.

2 Finance income, finance costs and GEL 765 of other operating expenses in 2022 are related to discontinued operations and included in profit/(loss) after tax for the year from discontinued operations in the consolidated statement of profit and loss and other comprehensive income.

3 In 2023, the Group recognized GEL 1,900 as insurance reimbursement due from other related party, presented as a deduction from other operating expenses (Note 25, 23). In 2023, the Group incurred GEL 3,130 (2022: GEL 1,363) in management fees due to the Parent, of which GEL 1,353 was recognized as professional fees in profit or loss and GEL 1,777 was capitalized to cost of assets.

(Amounts expressed in thousands of Georgian Lari)

5. Related party disclosure (continued)

Directors' compensation

The Group's key management personnel in 2023 and 2022 included non−executive and executive directors of GGU (2022: included non−executive directors of GGU, Chairman of the Supervisory Board of Georgia Water and Power LLC and members of executive management board of Georgia Water and Power LLC). Total compensation paid to key management for the years ended 31 December 2023 and 2022 is as follows:

	2023	*2022*
Salaries and benefits	2,916	2,787
Bonuses	890	2,380
Employee share−based compensation	−	1,306
Total management compensation	**3,806**	**6,473**

Remuneration to Aqualia Georgia LLC (the Parent) for management services amounted to GEL 3,130 (2022: GEL 1,363).

6. Significant accounting judgements and estimates

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (other than those related to determination of functional currency (Note 2) and presentation of the renewable business results as discontinued operation (Note 4)) and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Fair value of investment property

The Group measures fair value of its investment properties at the end of each reporting period with involvement of external valuation expert. Real estate market in Georgia is relatively illiquid and valuations therefore require judgments about significant unobservable valuation inputs to be exercised. As at 31 December 2023, fair values of investment properties amounted to GEL 9,297 (2022: GEL 7,368) (Note 9).

Impairment indications for property, plant and equipment

The management of the Group considered facts and circumstances existing as at 31 December 2023 in assessment of whether impairment (or reversal of previously recognized impairment) of water supply and wastewater collection services segment assets was required as at 31 December 2023 and concluded that no impairment indicators existed. The key consideration and assumption of the management in making that assessment was that water supply tariff model in Georgia is designed in a way to provide the investor with predetermined return on regulatory asset base and operating expenditures, and is, as such, not sensitive, in the long term, to the fluctuations in water supply volumes and operating costs. According to the regulatory tariff−setting methodology, fluctuations in the water sales volumes and allowed operating and capital expenditures budgeted by the regulator in the current tariff period (being 2022−2023), have been incorporated to the tariffs in the next, 2024−2026 period together with respective time value of money component. Regulatory rate of return is also adjusted following change in market interest rates, therefore mitigating the impact of the significant increase in market interest rates observed over 2023. Accordingly, the management concluded that no impairment or recovery indicators existed as at 31 December 2023.

In assessment of recoverable amount of water supply and wastewater collection services cash generating unit assets, and in subsequent assessment of whether indicators of impairment or recovery of previously recognized impairment exist, significant judgment is required in determination of cash−generating unit composition (whereby the management concluded that, following legal merger in 2023, Rustavi and Tbilisi water supply and wastewater network assets represent a single cash−generating unit considering that interdependent nature of tariff−setting for Tbilisi and Rustavi customers and resulting revenues) appropriate discount rate and assessment of its subsequent changes, developing expectations in relation to water supply tariffs to be applied in subsequent periods (including assumptions about particular capital and operating expenditures eligible for incorporation to the tariff base, and regulatory weighted average cost of capital), expected water supply volumes and forecasted operating expenditures and maintenance capital expenditures, and other relevant impairment or recovery indicators (Note 8).

(Amounts expressed in thousands of Georgian Lari)

6. Significant accounting judgements and estimates (continued)

Useful lives and residual values of property, plant and equipment

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

In 2023, in light of intention to update the vehicle park, the management revised the remaining useful lives and residual values of the Group's vehicles, resulting in GEL 2,200 recognized as depreciation charge in profit or loss for 2023.

Expected credit losses in respect of trade and other receivables

The Group applied the simplified approach for estimation of expected credit losses on trade receivables. The expected credit losses for accounts receivable is based on the Group's assessment of the collectability of specific customer accounts. 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.

For the purposes of a collective evaluation of ECLs accounts receivable are grouped on the basis of revenue classes, overdue days and active/passive status per each counterparty. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

At each reporting date, the historical observed default rates are updated and changes in the forward−looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and, in rare cases, of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future (Note 12).

The amount of ECLs recognized in respect of trade and other receivables amounted to GEL 46,309 as of 31 December 2023 (2022: GEL 40,464) (Note 12).

7. Segment information

Following divestment of Energy Business (Note 4), management organized the Group into the following two operating segments based on products sold and services rendered:

Electric power generation and sales

The segment owns hydroelectric and wind power stations that generate electric power for own consumption and for sale to external customers.

Water supply and wastewater collection services

The segment provides water supply and wastewater collection services which is the core activity of the Group.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained below, is measured according to IFRS standards in the same manner as profit or loss in the consolidated financial statements, except in relation to discontinued operations which are excluded from segment performance measurement for 2022.

Transactions between segments are accounted for at actual transaction prices, with exception for deemed electricity sales for water supply needs measured in accordance with the terms of GNERC regulations applied for water supply tariff setting purposes.

The Group's operations are concentrated in Georgia. All non−current assets of the Group are located in Georgia.

(Amounts expressed in thousands of Georgian Lari)

7. Segment information (continued)

Water supply and wastewater collection services (continued)

The following table present financial results of the Group's operating segments for the year ended 31 December 2023:

	Electric power generation and sales	*Water supply and wastewater collection services*	*Intersegment transactions*	*Total*
Revenue from water supply and related services	–	190,969	–	**190,969**
Revenue from electric power sales[1]	33,372	–	(4,625)	**28,747**
Other revenue	–	611	–	**611**
Total revenue	**33,372**	**191,580**	**(4,625)**	**220,327**
Electricity and transmission costs	(99)	(28,100)	4,625	**(23,574)**
Salaries and other employee benefits	(2,074)	(25,563)	–	**(27,637)**
Allowance for expected credit losses	(226)	(7,088)	–	**(7,314)**
Taxes other than income tax	(39)	(9,448)	–	**(9,487)**
General and administrative expenses	(195)	(5,436)	–	**(5,631)**
Professional fees	(93)	(2,952)	–	**(3,045)**
Raw materials, fuel and other consumables	(104)	(3,534)	–	**(3,638)**
Maintenance expenditure	(9)	(2,651)	–	**(2,660)**
Charge for provisions and legal claims related expenses	–	(913)	–	**(913)**
Other operating expenses	(4,097)	(8,347)	–	**(12,444)**
Other income	12	3,686	–	**3,698**
EBITDA	**26,448**	**101,234**	**–**	**127,682**
Finance income	288	1,806	–	**2,094**
Finance costs	(1,470)	(32,860)	–	**(34,330)**
Net foreign exchange gains/(losses)	(19)	(143)	–	**(162)**
Depreciation and amortization	(2,216)	(40,682)	–	**(42,898)**
Loss from disposal and write−off of property and equipment	(62)	(2,912)	–	**(2,974)**
Profit before income tax expense	**22,969**	**26,443**	**–**	**49,412**
Income tax expense	–	–	–	**–**
Profit for the period	**22,969**	**26,443**	**–**	**49,412**

[1] 43% of total revenue from electric power sales is generated from one customer.

(Amounts expressed in thousands of Georgian Lari)

7. Segment information (continued)

Water supply and wastewater collection services (continued)

The following table present financial results of the Group's operating segments for the year ended 31 December 2022:

	GGU Water			*GGU Energy*		
	Electric power generation and sales (reclassified)	***Water supply and wastewater collection services***	***Intersegment transactions***	***Electric power generation and sales***	***Eliminations***	***Total***
Revenue from water supply and related services	–	184,870	–	–	–	**184,870**
Revenue from electric power sales[1]	28,726	–	(4,835)	–	–	**23,891**
Other revenue	–	1,254	–	–	–	**1,254**
Total revenue	**28,726**	**186,124**	**(4,835)**	**–**	**–**	**210,015**
Electricity and transmission costs	(107)	(28,809)	4,835	–	–	**(24,081)**
Cost of electric power sales	(1,285)	–	–	–	1,285	**(0)**
Salaries and other employee benefits	(1,494)	(19,535)	–	–	–	**(21,029)**
Allowance for expected credit losses	–	(6,716)	–	–	–	**(6,716)**
Taxes other than income tax	(269)	(6,900)	–	–	–	**(7,169)**
General and administrative expenses	(305)	(3,901)	–	–	–	**(4,206)**
Professional fees	(257)	(2,712)	–	–	–	**(2,969)**
Raw materials, fuel and other consumables	(140)	(3,516)	–	–	–	**(3,656)**
Maintenance expenditure	(11)	(2,084)	–	–	–	**(2,095)**
Charge for provisions and legal claims related expenses	(57)	(680)	–	–	–	**(737)**
Other operating expenses	(4,208)	(2,031)	–	–	–	**(6,239)**
Other income	11	1,346	–	–	–	**1,357**
EBITDA	**20,604**	**110,586**	**–**	**–**	**1,285**	**132,475**
Finance income	434	4,057	–	–	–	**4,491**
Finance costs	(1,470)	(36,668)	–	–	–	**(38,138)**
Net foreign exchange gains / (losses)	2,403	55,470	–	–	–	**57,873**
Depreciation and amortization	(2,072)	(35,677)	–	–	–	**(37,749)**
Loss from disposal and write−off of property and equipment	(276)	–	–	–	–	**(276)**
Non−recurring income/(expenses), net	–	1,009	–	–	–	**1,009**
Profit before income tax expense	**19,623**	**98,777**	**–**	**–**	**1,285**	**119,685**
Income tax expense	–	–	–	–	–	**–**
Profit for the period	**19,623**	**98,777**	**–**	**–**	**1,285**	**119,685**
Profit/(loss) after tax for the year from discontinued operations	–	–	–	(1,993)	–	(1,993)
Profit/(loss) for the year	**19,623**	**98,777**	**–**	**(1,993)**	**1,285**	**117,692**

[2] 46% of total revenue from electric power sales is generated from one customer.

The majority of revenue and cost elements were directly attributed to the relevant segments. The allocation principles and methods used by the management for revenue and costs elements, which cannot be directly attributed to the relevant operating segments, were:

- **Revenue** – for the purposes of segment disclosure, revenue from the internally consumed electricity (generated by Zhinvali HPP and Tetrikhevi HPP) was recorded at a regulated tariff set by the GNERC (Decree No. 82, dated 29 December 2020) which was applicable for 2023 and 2022.
- **Salaries and benefits** – The costs of salaries and other benefits except that of administrative staff were attributed directly to the appropriate segments based on actual expenditure. Salaries and benefits of the administrative staff were allocated proportionally based on the number of employees in each operating segment.
- **Interest income and finance costs** were allocated according to the amount of borrowings received by each segment.

(Amounts expressed in thousands of Georgian Lari)

8. Property, plant and equipment

The movements in property, plant and equipment in 2023 were as follows:

	Land plots	*Real estate*	*Infrastructure assets*	*Vehicles*	*Fixtures and fittings*	*CIP*	*Total*
Gross carrying amount 31 December 2022	7,033	41,287	910,772	35,581	11,034	34,733	**1,040,440**
Additions	–	131	28,371	180	240	179,142	**208,064**
Disposals	(1)	–	(28)	(1,165)	(38)	(2,710)	**(3,942)**
Transfers	399	3,627	144,648	6,451	1,285	(156,410)	**0**
31 December 2023	**7,431**	**45,045**	**1,083,763**	**41,046**	**12,521**	**54,755**	**1,244,562**
Accumulated depreciation and impairment							
31 December 2022	**352**	**11,054**	**324,252**	**17,735**	**7,460**	**–**	**360,853**
Depreciation charge	–	738	33,829	5,538	987	–	**41,092**
Disposals	–	–	(9)	(796)	(17)	–	**(822)**
31 December 2023	**352**	**11,792**	**358,072**	**22,477**	**8,430**	**–**	**401,123**
Net book value							
31 December 2022	**6,681**	**30,233**	**586,520**	**17,846**	**3,574**	**34,733**	**679,587**
31 December 2023	**7,079**	**33,253**	**725,691**	**18,570**	**4,091**	**54,755**	**843,439**

(Amounts expressed in thousands of Georgian Lari)

8. Property, plant and equipment (continued)

The movements in property, plant and equipment in 2022 were as follows:

	Land plots	***Real estate***	***Water Infrastructure assets***	***Energy Infrastructure assets***	***Vehicles***	***Fixtures and fittings***	***CIP***	***Total***	***Out of which Water***	***Out of which Energy***
Gross carrying amount 31 December 2021	**7,826**	**40,419**	**775,848**	**404,975**	**33,711**	**11,684**	**27,461**	**1,301,924**	**937,210**	**364,714**
−out of which Water	6,571	40,419	775,848	48,185	32,888	10,303	22,996	**937,210**	937,210	−
−out of which Energy	1,255	−	−	356,790	823	1,381	4,465	**364,714**	−	364,714
Additions	−	10	18,418	60	230	94	88,344	**107,156**	105,148	2,008
−out of which Water	−	−	18,418	14	111	82	86,523	**105,148**	105,148	−
−out of which Energy	−	10	−	46	119	12	1,821	**2,008**	−	2,008
Disposals	−	(81)	(230)	(39,007)	(1,496)	(19)	(86)	**(40,919)**	(1,899)	(39,020)
−out of which Water	−	(81)	(230)	(41)	(1,471)	(19)	(57)	**(1,899)**	(1,899)	−
−out of which Energy	−	−	−	(38,966)	(25)	−	(29)	**(39,020)**	−	(39,020)
Transfers	462	948	66,935	1,600	4,053	669	(74,667)	**−**	−	−
Currency translation	(106)	(6,332)	−	(22,448)	(75)	(117)	(461)	**(29,539)**	−	(29,539)
Distribution of energy business to the shareholders	(1,149)	6,323	−	(295,379)	(842)	(1,277)	(5,858)	**(298,182)**	−	(298,182)
31 December 2022	**7,033**	**41,287**	**860,971**	**49,801**	**35,581**	**11,034**	**34,733**	**1,040,440**	**1,040,440**	**−**
−out of which Water	7,033	41,287	860,971	49,801	35,581	11,034	34,733	**1,040,440**	1,040,440	−
−out of which Energy	−	−	−	−	−	−	−	**−**	−	−
Accumulated depreciation and impairment										
31 December 2021	**352**	**10,390**	**275,544**	**80,702**	**15,782**	**6,582**	**914**	**390,266**	**326,173**	**64,093**
−out of which Water	352	10,390	275,544	17,475	15,721	6,469	222	**326,173**	326,173	−
−out of which Energy	−	−	−	63,227	61	113	692	**64,093**	−	64,093
Depreciation charge	−	2,380	29,013	8,572	2,969	1,035	−	**43,969**	35,899	8,070
−out of which Water	−	681	29,075	2,189	2,950	1,004	−	**35,899**	35,899	−
−out of which Energy	−	1,699	(62)	6,383	19	31	−	**8,070**	−	8,070
Disposals	−	(48)	(198)	(23)	(936)	(13)	−	**(1,218)**	(1,218)	−
−out of which Water	−	(48)	(198)	(23)	(936)	(13)	−	**(1,218)**	(1,218)	−
−out of which Energy	−	−	−	−	−	−	−	**−**	−	−
Impairment	−	−	−	(36,305)	−	−	−	**(36,305)**	−	(36,305)
Transfers	−	31	192	−	−	−	(223)	**−**	−	−
Currency translation	−	(622)	−	(4,293)	−	−	−	**(4,916)**	−	(4,916)
Distribution of energy business to the shareholders	−	(1,077)	60	(29,012)	(80)	(144)	(691)	**(30,943)**	−	(30,943)
31 December 2022	**352**	**11,054**	**304,611**	**19,641**	**17,735**	**7,460**	**−**	**360,853**	360,853	−
−out of which Water	352	11,054	304,611	19,641	17,735	7,460	−	**360,853**	360,853	−
−out of which Energy	−	−	−	−	−	−	−	**−**	−	−
Net book value										
31 December 2021	**7,474**	**30,029**	**500,304**	**324,273**	**17,929**	**5,102**	**26,547**	**911,658**	**611,037**	**300,621**
−out of which Water	6,219	30,029	500,304	30,710	17,167	3,834	22,774	**611,037**	611,037	−
−out of which Energy	1,255	−	−	293,563	762	1,268	3,773	**300,621**	−	300,621
31 December 2022	**6,681**	**30,233**	**556,360**	**30,160**	**17,846**	**3,574**	**34,733**	**679,587**	**679,587**	**−**
−out of which Water	6,681	30,233	556,360	30,160	17,846	3,574	34,733	**679,587**	679,587	−
−out of which Energy	−	−	−	−	−	−	−	**−**	−	−

As at 31 December 2023 and 2022, the Group has no property, plant and equipment pledged as collateral for its borrowings.

(Amounts expressed in thousands of Georgian Lari)

9. Investment property

	Land	*Buildings*	*Total*
As at 31 December 2021	**6,838**	**544**	**7,382**
Net gain (loss) from fair value remeasurement	(161)	147	**(14)**
As at 31 December 2022	**6,677**	**691**	**7,368**
Net gain (loss) from fair value remeasurement	1,990	(60)	**1,930**
As at 31 December 2023	**8,667**	**630**	**9,297**

Fair value measurement

Investment properties are stated at fair value. The date of the latest valuation performed by an independent appraiser is 15 November 2023, the valuation methods used are in accordance with those recommended by the International Valuation Standards Committee, consistent with IFRS 13, *Fair Value Measurement*, and applied on a consistent basis.

Valuation method used for majority of investment property represents the market approach. Certain properties were appraised applying income approach by the independent valuator. The Group uses several properties in a manner that differs from its highest and best use, because Group intends to sell them and not make capital expenditures on projects that may differ from the Groups principal business activities, which are regulated by GNERC.

Market approach

This method is based on the direct comparison of the subject property to another property, which has been sold or has been entered to the sale registry. Adjustments to value are determined mainly based on the following considerations: (1) physical condition, (2) location, (3) highest and the best use, and (4) property liens.

The valuation technique and inputs used in the fair value measurement of the investment property attributed to Level 3 in the fair value hierarchy. The elated sensitivity to reasonably possible changes in inputs are as follows:

Class of investment property	*Fair value as at 31 December 2023*	*Valuation technique*	*Significant unobservable inputs used*	*Value of input / range / weighted average*
Land plots	8,667	Income approach Market approach	Discount rate, Price per square meter, Rent price per square meter	12.31%; 0.013−1.336 (0.061); 0.406
Buildings	630	Market approach	Price per square meter	0. 198−1.569 (0.257)
ETotal investment property	**9,297**			

Class of investment property	*Fair value as at 31 December 2022*	*Valuation technique*	*Significant unobservable inputs used*	*Value of input / range / weighted average*
Land plots	6,677	Income approach Market approach	Discount rate, Price per square meter, Rent price per square meter	12.2%; 0.0092−0.944 (0.047); 0.311
Buildings	691	Market approach	Price per square meter	0.220−1.314 (0.338)
Total investment property	**7,368**			

The increase or decrease in the price per square meter would result in increase or decrease, respectively, of the fair value of investment property.

The increase or decrease in the discount rate would result in decrease or increase, respectively, of the fair value of investment property.

(Amounts expressed in thousands of Georgian Lari)

10. Other assets

	31 December 2023	*31 December 2022*
Intangible assets	1,996	2,118
Prepayments for non−current assets	3,456	5,543
Total other non−current assets	**5,452**	**7,661**

Historical cost of intangible assets and accumulated amortisation and impairment as at 31 December 2023 amounted to GEL 11,974 and GEL 9,978, respectively (31 December 2022: GEL 11,040 and GEL 8,922).

Intangible assets amortisation charge was GEL 1,055 in 2023 (2022: GEL 1,664).

11. Inventories

	31 December 2023	*31 December 2022*
Raw materials	5,250	4,374
Fuel	450	446
Spare parts	380	230
Labor safety materials	272	127
Other inventories	590	599
Total inventories	**6,942**	**5,776**

12. Trade and other receivables

	31 December 2023	*31 December 2022*
Non−current		
Trade receivables for water supply services from general population	200	130
	200	**130**
Less allowance for expected credit losses	(45)	(40)
Total restructured trade receivables, net	**155**	**90**
Current		
Trade receivables for water supply services from general population	37,746	32,229
Trade receivables for water supply services from legal entities	23,239	22,016
Trade receivables for installation of water meters	167	176
Trade receivables for connection service	4,005	3,589
Trade receivables for electric power sales	1,214	75
	66,371	**58,085**
Less allowance for expected credit losses	(45,012)	(39,492)
Total current trade receivables, net	**21,360**	**18,593**
Other receivables	3,692	3,788
Less allowance for expected credit losses	(1,252)	(932)
Total other receivables, net	**2,441**	**2,856**
Total current trade and other receivables, net	**23,801**	**21,449**

Other receivables mainly relate to the income that is not in scope of IFRS 15, *Revenue from Contracts with Customers*, including GEL 998 (2022: GEL 906) of penalties on illegal connections.

As at 31 December 2023 and 2022, Other receivables of GEL 2,003 related to management services provided to the entities under common control by Georgia Capital JSC and is in scope of IFRS 15 *Revenue from Contracts with Customers*.

The carrying amounts of the Group’s trade and other receivables approximate their fair values and are denominated in GEL.

The Group has no internal credit grading system to evaluate credit quality of its trade and other receivables and assesses credit risk based on days past due information.

(Amounts expressed in thousands of Georgian Lari)

12. Trade and other receivables (continued)

Aging analysis of trade and other receivables per classes as at 31 December 2023 is as follows:

31 December 2023	*Less than 30 days*	*30 to 60 days*	*61 to 90 days*	*Over 91 days*	*Total*
Expected credit loss rate	0.75%	21.95%	36.22%	97.61%	**65.91%**
Carrying amount at default	20,513	2,570	751	46,429	**70,263**
Expected credit loss	**154**	**564**	**272**	**45,319**	**46,309**

Aging analysis of trade and other receivables per classes as at 31 December 2022 is as follows:

31 December 2022	*Less than 30 days*	*30 to 60 days*	*61 to 90 days*	*Over 91 days*	*Total*
Expected credit loss rate	0.94%	22.00%	39.12%	96.47%	**65.26%**
Carrying amount at default	19,465	522	638	41,378	**62,003**
Expected credit loss	**182**	**115**	**249**	**39,918**	**40,464**

The movements in the ECL allowance for the trade and other receivables are as follows:

	Non−current trade and other receivables	*Current trade and other receivables*	*Total*
31 December 2021	**38**	**35,145**	**35,183**
Allowance for expected credit losses	1	6,715	**6,716**
Bad debts written off	−	(1,435)	**(1,435)**
31 December 2022	**39**	**40,425**	**40,464**
Allowance for expected credit losses	5	7,310	**7,315**
Bad debts written off	−	(1,472)	**(1,472)**
31 December 2023	**44**	**46,263**	**46,307**

In 2023 and 2022 the Group wrote−off certain aged receivables arisen more than three years ago. Bad debt write−offs were conditioned by amendments of a decree regarding potable water supply and consumption issued by GNERC, pursuant to which customers were exempted from obligation to pay amounts older than three years. Written−off receivables have been previously fully provided for.

13. Equity

Share capital

Following change in controlling shareholder (Note 1), the Company's charter was amended to introduce several classes of ordinary shares: class A (55,032,421 as at 31 December 2023 and 2022), class B (16,933,053 as at 31 December 2023 and 2022), and class C (12,699,789 as at 31 December 2023 and 2022, fully acquired by the Group and held in treasury). The terms of the Company's charter and shareholder agreement provide for equal dividend rights for class A and class B shareholders, while also establishing voting protocols on certain matters for class A and class B shareholders. Class C shares, while in issue, provided the holders with governance rights and economic benefit exposure towards Energy Business; class C shares were fully reacquired by the Group in connection with Energy Business demerger (Note 4).

	Number of ordinary shares	*Nominal amounts*
31 December 2021	**84,665,263**	**84,666**
31 December 2022	**84,665,263**	**84,666**
31 December 2023	**84,665,263**	**84,666**

As at 31 December 2023, the Company's shareholders were Aqualia Georgia LLC and Georgia Capital JSC which hold GEL 55,032 and GEL 13,758, respectively, while treasury shares of GEL 15,875 were presented separately in the consolidated statement of financial position and consolidated statement of changes in equity.

(Amounts expressed in thousands of Georgian Lari)

13. Equity (continued)

Treasury shares

In connection with distribution of Energy segment subsidiaries to shareholder in 2022, the Group has repurchased its own shares of GEL 15,875 (3,174,948 B class shares and 12,699,789 C class shares).

Dividends

In 2023 and 2022, no dividends were declared and paid.

Additional paid−in capital

Additional paid−in capital reflects the value of equity−settled share−based payments provided to employees, including key management personnel, as part of their remuneration (Note 13).

Other reserves

Other reserves reflect the transfers of cash to the Immediate Parent for the GCAP's shares granted to the employees of the Group (Note 13) and unrealised gains/(losses) from transactions with owners of non−controlling interests in existing subsidiaries, and foreign currency translation reserve.

Revaluation reserve

Revaluation reserve reflect amount of revaluation reserve of property, plant and equipment revalued at the point of transfer to investment property.

Management of capital

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain sufficient size to make the operation of the Group cost−efficient.

To achieve these goals the Group performs a detailed analysis of capital structure considering the cost of borrowed funds and level of own capital available. The Group defines capital for capital management purposes as equity and borrowings recognized in the consolidated financial statements. There are no externally imposed capital requirements to which the Group is subject to. Equity as at 31 December 2023 and 2022 was GEL 289,989 and GEL 240,577, respectively. Borrowings as at 31 December 2023 and 2022 were GEL 511,899 and GEL 449,210, respectively.

There were no changes in the objectives, policies or processes for managing capital in 2023 and 2022.

14. Borrowings

	31 December 2023		*31 December 2022*	
	Current liabilities	***Non−current liabilities***	***Current liabilities***	***Non−current liabilities***
Loans from the Parent	509,231	−	2,987	443,292
Loans from Georgian financial institutions	64	2,604	43	2,888
Total borrowings and bonds issued	**509,295**	**2,604**	**3,030**	**446,180**

As of 31 December 2023 the Group has USD−denominated loan from the Parent of GEL 444,020 at fixed interest rate of 7.35% that matures on 31 August 2024 (31 December 2022: GEL 446,279). During 2023, the Group has also obtained a loan from the Parent denominated in EUR with fixed interest rate of 7.6% that matures on 31 December 2024. As at 31 December 2023 outstanding balance from EUR denominated loan from Parent is GEL 65,211.

During 2023 year, accrued interest related to the USD loan from Parent was capitalized to the carrying amount of EUR−loan in the amount of GEL 24,512.

(Amounts expressed in thousands of Georgian Lari)

14. Borrowings (continued)

On 7 September 2022, the Group has redeemed its Eurobonds issued with carrying value amounting to GEL 826,723 (USD 266,891) as at 31 December 2021. The redemption was carried out at the price of 103.875%, plus accrued and unpaid interest in accordance with terms and conditions of the Notes, and the total redemption amount was GEL 741,764 (USD 255,463). In September 2022, the Group obtained borrowings from its shareholders (FCC Aqualia S.A. and Georgia Capital JSC) of GEL 476,628 (USD 164,100) and GEL 261,324 (USD 90,000), respectively, for the purposes of the Eurobonds settlement.

As of 31 December 2023 and 2022, other borrowings comprise of EUR denominated loans from Georgian banks of GEL 227 (2021: GEL 239) and USD denominated loans of GEL 2,441 (2021: GEL 2,692).

At 31 December 2023 and 2022, the Group has undrawn borrowing facilities from the Parent amounting to GEL 114,449 (2022: nil).

In 2023, the Group incurred borrowings costs of GEL 34,123 (2022: GEL 56,000) of which GEL 218 has been capitalized to property, plant and equipment (2022: GEL 279).

Changes in liabilities arising from financial activities

	Borrowings	*Loan from the Parent*	*Eurobonds issued*	*Loans from Georgia Capital*	*Lease liabilities*	*Total*
Carrying amount at 31 December 2021	**6,233**	–	**826,723**	–	**1,672**	**834,628**
Foreign exchange gain	(755)	(33,459)	(52,238)	–	(125)	**(86,577)**
Foreign currency translation	–	–	–	(6,366)	–	**(6,366)**
Cash proceeds	864	476,628	–	261,324	–	**738,816**
Cash repayments	(135)	–	(726,658)	–	(281)	**(727,074)**
Interest accrued	318	11,298	42,451	1,403	251	**55,721**
Interest paid	(211)	(8,188)	(62,089)	–	(54)	**(70,542)**
Commission paid for loan prepayment	–	–	(27,461)	–	–	**(27,461)**
Gain on extinguishment of financial liabilities	–	–	(1,009)	–	–	**(1,009)**
Other	20	–	281	–	222	**523**
Disposal of Energy Segment subsidiaries (Note 4)	(3,403)	–	–	(256,361)	(1,341)	**(261,105)**
Carrying amount at 31 December 2022	**2,931**	**446,279**	**–**	**–**	**344**	**449,554**
Foreign exchange gain	70	200	–	**–**	–	**270**
Cash proceeds	–	37,355	–	**–**	–	**37,355**
Cash repayments	(118)	–	–	**–**	(735)	**(853)**
Interest accrued	162	33,961	–	**–**	111	**34,234**
Interest paid	(175)	(8,564)	–	**–**	(111)	**(8,850)**
Additions to Right of use assets	–	–	–	**–**	1,415	**1,415**
Other	(202)	–	–	**–**	640	**438**
Carrying amount at 31 December 2023	**2,668**	**509,231**	**–**	**–**	**1,664**	**513,563**

(Amounts expressed in thousands of Georgian Lari)

15. Contract assets and liabilities

The Group recognised GEL 219,716 of revenue from contracts with customers in 2023 (2022: GEL 241,804, including revenue attributable to discontinued operations (Note 4)). The disaggregation of revenue from contracts with customers by types are presented in the consolidated statement of comprehensive income for 2023 and in Notes 17 and 18. Revenue from management services provided to the entities under common control included in Other revenue in 2022.

Contract balances

The Group recognised the following revenue−related contract balances:

	31 December 2023	*31 December 2022*
Receivables		
Trade receivables	21,515	18,683
Other receivables	2,003	2,003
Total	**23,518**	**20,686**
Contract liabilities		
Advances received	26,252	16,275
Deferred revenue	38,315	35,292
Total	**64,567**	**51,567**

The Group recognised GEL 5,514 of revenue that relates to carried−forward contract liabilities in 2023 (2022: GEL 5,545).

In 2023 the Group identified issues related to application of water supply and wastewater services billing rates for certain customers. Change in trade receivable and contract liabilities in 2023 includes GEL 392 recognized as decrease in trade receivable and GEL 4,500 as increase in advances received in correspondence with revenue for 2023 to reflect cumulative effects of billing correction for those customers.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date and deferred as of 31 December 2023:

	In 2024	*In 2025*	*In 2026*	*In 3 to 5 years*	*In 5 to 10 years*	*Total*
Revenue expected to be recognized on contracts with customers	6,129	5,809	5,354	9,676	11,347	**38,315**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date and deferred as at 31 December 2022:

	In 2023	*In 2024*	*In 2025*	*In 3 to 5 years*	*In 5 to 10 years*	*Total*
Revenue expected to be recognized on contracts with customers	5,514	5,211	4,891	8,630	11,046	**35,292**

The Group applies practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected duration of 1 year or less.

16. Trade and other payables

	31 December 2023	*31 December 2022*
Trade payables	16,164	5,909
Payables for non−current assets	9,177	3,934
Payables to employees	2,479	4,471
Other payables	603	313
Total trade and other payables	**28,423**	**14,627**

Trade and other payables are non−interest bearing and are normally settled within 60 days.

(Amounts expressed in thousands of Georgian Lari)

17. Revenue from water supply and related services

	2023	*2022*
Revenue from water supply to legal entities	131,655	129,859
Revenue from water supply to general population	53,285	49,211
Total revenue from water supply before charges for related services	**184,940**	**179,070**
Charges for connection service	5,781	5,237
Charges for installation of water meters	248	563
Total revenue from water supply and related services	**190,969**	**184,870**

18. Revenue from electric power sales

	2023	*2022*
Revenue from electric power sales to commercial customers	28,150	23,084
Revenue from electric power sales to ESCO	597	807
Total revenue from electric power sales	**28,747**	**23,891**

19. Salaries and other employee benefits

	2023	*2022*
Salaries	26,076	18,169
Bonuses	1,561	2,860
Total salaries and benefits	**27,637**	**21,029**

20. General and administrative expenses

	2023	*2022*
Security expenses	1,612	1,440
Utility expenses	1,424	970
Communication expenses	576	516
Office expenses	760	776
Advertising expenses	1,029	149
Representation expenses	79	200
Business trip expenses	151	155
Total general and administrative expenses	**5,631**	**4,206**

21. Professional fees

	2023	*2022*
Consulting expenses	1,561	1,561
Legal and other professional fees	1,484	1,408
Total professional fees	**3,045**	**2,969**

Auditor's remuneration

Remuneration of Group's auditor for the years ended 31 December 2023 and 2022 comprises (net of VAT):

	2023	*2022*
Fees for the audit of the Company's annual consolidated and separate financial statements for the year ended 31 December	36	259
Fees for the review of the Group's interim financial statements for the six months ended 30 June	–	72
Fees for the audit of the Group's subsidiaries' financial statements for the year ended 31 December	538	251
Total auditor's remuneration	**574**	**582**

(Amounts expressed in thousands of Georgian Lari)

22. Other income

	2023	2022
Penalty income on illegal connection services	749	535
Derecognition of unclaimed advances received and trade payables	–	342
Net gain from revaluation of investment property	1,930	–
Net gain from sale of inventories	654	–
Other income	365	480
Total other income	**3,698**	**1,357**

23. Other operating expenses

	2023	2022
Insurance expense	2,758	2,556
Bill processing expenses	1,567	1,487
Compensation for damage	4,394	421
Fines and penalties	1,052	565
Regulation fee	699	501
Rent expenses	806	369
Other expenses	1,168	340
Total other operating expenses	**12,444**	**6,239**

24. Finance costs

	2023	2022
Interest expense on borrowings	34,123	38,014
Bank fees and charges	96	73
Interest expense on lease liabilities	111	51
Total finance costs	**34,330**	**38,138**

25. Commitments and contingencies

Environmental matters

The enforcement of environmental regulation in Georgia is evolving and the enforcement position of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Taxation

In Georgia, tax returns remain open and subject to inspection for a period of up to three years. If an understatement of a tax liability is detected as a result of an inspection, penalties and fines to be paid might be material in respect of the tax liability misstatement. The Group's management does not expect the outcome of the inspections to have a material impact on the Group's consolidated financial position or results of operations. Management believes that the Group has paid and accrued all taxes that are applicable.

Litigations

The Group is subject to litigations in normal course of business. The Group normally obtains insurance against common types of claims, such as those associated with damages related to water supply network deficiencies. As at 31 December 2023, the Group recognized GEL 6,868 provision for legal claims and GEL 1,900 reimbursement asset due from the insurance company in respect of such claims.

(Amounts expressed in thousands of Georgian Lari)

26. Financial instruments

Financial instruments overview

Cash and cash equivalents

Cash and cash equivalents as at 31 December 2023 and 2022 includes the funds placed on current accounts in Georgian banks. All cash at bank balances are current and not impaired. As at 31 December 2023 and 2022, the Group did not have any significant financial assets that are past due, except for trade and other receivables (Note 12).

Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position as at 31 December 2023 include investment property with fair value of GEL 9,297 (Level 3 of fair value hierarchy) (31 December 2022: GEL 7,368).

All financial instruments for which fair values are disclosed by the Group as at 31 December 2023 and 2022, are measured at fair value using a valuation technique with market observable and unobservable inputs. There were no changes in valuation techniques for Level 3 recurring fair value measurements in 2023 and 2022.

The fair values in Level 2 and Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair values of fixed rate borrowings (Level 2 of fair value hierarchy) approximate the carrying values of the instruments. As at 31 December 2023, the fair value of fixed rate borrowings from Parent amounted to 504,620 (2022: GEL 429,334).

Management assessed that the fair values of cash at banks, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short−term maturities of these instruments.

Risk arising from financial instruments

In the course of its ordinary activity the Group is exposed to interest rate, currency, credit and liquidity risks. The Group's management oversees the management of these risks.

Currency risk

Currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The management of the Group monitors open currency positions in each material currency and enters into foreign currency derivatives transactions as necessary.

As at 31 December 2023 and 2022, currency risk arises mostly from the USD and EUR denominated borrowings.

Currency	***Appreciation / depreciation in % 2023***	***Effect on profit 2023***	***Increase/ decrease in % 2022***	***Effect on profit 2022***
USD	27.37%	17,910	18.92%	72,871
USD	−27.37%	(17,910)	−18.92%	(72,871)
EUR	18.84%	84,112	N/A	N/A
EUR	−18.84%	(84,112)	N/A	N/A

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. Such risks are monitored on a continuous basis and subject to an annual or more frequent review.

As at 31 December 2023 and 2022, the Group has no other significant financial assets subject to credit risk except for:

- Cash and cash equivalents: as at 31 December 2023 out of total cash at bank of GEL 7,282 (2022: GEL 36,909), GEL 6,866 (2022: GEL 29,026) was kept with banks having ratings of "BB/bb" from Standard & Poor's, "B1/NP" (FC) & "Ba3/NP" (LC) from Moody's and "BB/bb" from Fitch Ratings;
- Trade and other receivables (Note 12).

(Amounts expressed in thousands of Georgian Lari)

26. Financial instruments (continued)

Risk arising from financial instruments (continued)

The credit quality of all financial assets is constantly monitored in order to identify any potential adverse changes in the credit quality. In respect of trade and other receivables, the management monitors credit quality based on days past due information. As at 31 December 2023 and 2022, carrying values of financial instruments best represent their maximum exposure to the credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its payment obligations associated when they fall due under normal or stress circumstances. Management monitors rolling forecasts of the Group's cash flows on monthly basis. The Group seeks to maintain a stable funding base primarily consisting of borrowings and trade and other payables.

The table below shows financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted repayment obligations.

	Less than 1 year	***1−3 years***	***3−5 years***	***Over 5 years***	***Total***
As at 31 December 2023					
Long−term and short−term borrowings and bonds issued	536,546	882	881	1,150	**539,459**
Trade and other payables	28,423	−	−	−	**28,423**
Lease liabilities	152	1,512	−	−	**1,664**
Total future payments	**565,121**	**2,394**	**881**	**1,150**	**569,546**
As at 31 December 2022					
Long−term and short−term borrowings and bonds issued	33,666	469,088	884	1,593	**505,231**
Trade and other payables	14,627	−	−	−	**14,627**
Lease liabilities	168	176	−	−	**344**
Total future payments	**48,461**	**469,264**	**884**	**1,593**	**520,202**

In managing liquidity risk, the management of the Group considers the Group will be able to settle the liabilities falling due by applying cash proceeds from operations towards the upcoming coupon interest and principal payments due on the borrowings and refinance or renegotiate the borrowings if needed.

27. Events after the reporting date

Subsequent to 31 December 2023, the Group obtained a loan of EUR 3 million for funding its capital expenditures.

Georgia Global Utilities JSC

Consolidated financial statements

for the year ended 31 December 2022
with independent auditor's report

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Independent auditor's report

To the Shareholders and Supervisory Board of Georgia Global Utilities JSC

Opinion

We have audited the consolidated financial statements of Georgia Global Utilities JSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as of 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Group's 2022 Management report

Other information consists of the information included in the Group's 2022 Management report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Management report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Supervisory Board for the consolidated financial statements

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

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

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

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

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

Ruslan Khoroshvili

On behalf of EY LLC

Tbilisi, Georgia

10 July 2023

Consolidated statement of financial position

As at 31 December 2022

(Amounts expressed in thousands of Georgian Lari)

	Note	31 December 2022	31 December 2021* (reclassified)			1 January 2020* (reclassified)		
		Water	Water	Energy	Total	Water	Energy	Total
Assets								
Non–current assets								
Property, plant and equipment	9	679,587	611,037	300,621	**911,658**	562,704	364,350	**927,054**
Investment property	10	7,368	7,382	–	**7,382**	9,754	–	**9,754**
Right-of-use assets		332	337	1,254	**1,591**	328	1,279	**1,607**
Restructured trade receivables	12	90	83	–	**83**	53	–	**53**
Other non-current assets	11	7,661	4,324	1,712	**6,036**	6,715	987	**7,702**
Total non-current assets		**695,038**	**623,163**	**303,587**	**926,750**	**579,554**	**366,616**	**946,170**
Current assets								
Inventories		5,776	5,065	406	**5,471**	4,626	365	**4,991**
Trade and other receivables	12	21,449	23,559	2,366	**25,925**	12,282	1,762	**14,044**
Loans issued		–	–	14	**14**	–	164	**164**
Prepaid taxes other than income tax		18	244	1,262	**1,506**	201	1,440	**1,641**
Reimbursement assets		–	–	2,318	**2,318**	–	2,808	**2,808**
Prepayments		1,539	1,365	367	**1,732**	712	284	**996**
Financial assets held for trading		–	–	8,122	**8,122**	–	–	**–**
Other current assets		–	2,594	–	**2,594**	268	–	**268**
Cash at bank	28	36,909	59,894	36,948	**96,842**	55,577	63,262	**118,839**
Total current assets		**65,691**	**92,721**	**51,803**	**144,524**	**73,666**	**70,085**	**143,751**
Total assets		**760,729**	**715,884**	**355,390**	**1,071,274**	**653,220**	**436,701**	**1,089,921**
Equity								
Share capital	13	84,666	2	84,664	**84,666**	2	104,664	**104,666**
Treasury shares	13	(15,875)	–	–	**–**	–	–	**–**
Additional paid-in capital and other reserves	13	15,021	8,076	18,305	**26,381**	4,307	22,435	**26,742**
Revaluation reserve for property, plant and equipment	13	4,385	4,385	–	**4,385**	4,813	–	**4,813**
Retained earnings		152,380	102,750	(58,359)	**44,391**	69,780	(14,619)	**55,161**
Total equity		**240,577**	**115,213**	**44,610**	**159,823**	**78,902**	**112,480**	**191,382**
Liabilities								
Non-current liabilities								
Borrowings and bonds issued	14	446,180	510,119	297,648	**807,767**	498,555	308,549	**807,104**
Deferred revenue	15	29,797	26,874	–	**26,874**	25,341	–	**25,341**
Lease liabilities		176	167	1,191	**1,358**	216	1,140	**1,356**
Other non-current liabilities		89	25	550	**575**	1,656	1,472	**3,128**
Total non-current liabilities		**476,242**	**537,185**	**299,389**	**836,574**	**525,768**	**311,161**	**836,929**
Current liabilities								
Borrowings and bonds issued	14	3,030	15,509	9,680	**25,189**	16,361	10,098	**26,459**
Advances received	15	16,275	16,005	–	**16,005**	12,801	–	**12,801**
Trade and other payables	16	14,627	15,412	974	**16,386**	11,211	1,816	**13,027**
Provisions for liabilities and charges		1,855	1,401	–	**1,401**	1,081	–	**1,081**
Deferred revenue	15	5,495	5,545	–	**5,545**	5,201	–	**5,201**
Lease liabilities		168	197	118	**315**	188	98	**286**
Other taxes payable		2,460	3,838	619	**4,457**	1,439	1,048	**2,487**
Other current liabilities		–	5,579	–	**5,579**	268	–	**268**
Total current liabilities		**43,910**	**63,486**	**11,391**	**74,877**	**48,550**	**13,060**	**61,610**
Total liabilities		**520,152**	**600,671**	**310,780**	**911,451**	**574,318**	**324,221**	**898,539**
Total liabilities and equity		**760,729**	**715,884**	**355,390**	**1,071,274**	**653,220**	**436,701**	**1,089,921**

* *As of 31 December 2022 and 2021, the Group combined additional paid-in capital of GEL 21,230 and other reserves of GEL 5,151 into a single line representing the aggregate amount of GEL 26,381.*

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 10 July 2023:

José Miguel Santos Gonzalez
Chief Executive Officer

Giorgi Gureshidze
Chief Financial Officer

The accompanying notes on pages 5 to 37 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2022

(Amounts expressed in thousands of Georgian Lari)

	Note	31 December 2022	31 December 2021* (reclassified)			1 January 2020* (reclassified)		
		Water	Water	Energy	Total	Water	Energy	Total
Assets								
Non−current assets								
Property, plant and equipment	9	679,587	611,037	300,621	**911,658**	562,704	364,350	**927,054**
Investment property	10	7,368	7,382	−	**7,382**	9,754	−	**9,754**
Right-of-use assets		332	337	1,254	**1,591**	328	1,279	**1,607**
Restructured trade receivables	12	90	83	−	**83**	53	−	**53**
Other non-current assets	11	7,661	4,324	1,712	**6,036**	6,715	987	**7,702**
Total non-current assets		**695,038**	**623,163**	**303,587**	**926,750**	**579,554**	**366,616**	**946,170**
Current assets								
Inventories		5,776	5,065	406	**5,471**	4,626	365	**4,991**
Trade and other receivables	12	21,449	23,559	2,366	**25,925**	12,282	1,762	**14,044**
Loans issued		−	−	14	**14**	−	164	**164**
Prepaid taxes other than income tax		18	244	1,262	**1,506**	201	1,440	**1,641**
Reimbursement assets		−	−	2,318	**2,318**	−	2,808	**2,808**
Prepayments		1,539	1,365	367	**1,732**	712	284	**996**
Financial assets held for trading		−	−	8,122	**8,122**	−	−	**−**
Other current assets		−	2,594	−	**2,594**	268	−	**268**
Cash at bank	28	36,909	59,894	36,948	**96,842**	55,577	63,262	**118,839**
Total current assets		**65,691**	**92,721**	**51,803**	**144,524**	**73,666**	**70,085**	**143,751**
Total assets		**760,729**	**715,884**	**355,390**	**1,071,274**	**653,220**	**436,701**	**1,089,921**
Equity								
Share capital	13	84,666	2	84,664	**84,666**	2	104,664	**104,666**
Treasury shares	13	(15,875)	−	−	**−**	−	−	**−**
Additional paid-in capital and other reserves	13	15,021	8,076	18,305	**26,381**	4,307	22,435	**26,742**
Revaluation reserve for property, plant and equipment	13	4,385	4,385	−	**4,385**	4,813	−	**4,813**
Retained earnings		152,380	102,750	(58,359)	**44,391**	69,780	(14,619)	**55,161**
Total equity		**240,577**	**115,213**	**44,610**	**159,823**	**78,902**	**112,480**	**191,382**
Liabilities								
Non-current liabilities								
Borrowings and bonds issued	14	446,180	510,119	297,648	**807,767**	498,555	308,549	**807,104**
Deferred revenue	15	29,797	26,874	−	**26,874**	25,341	−	**25,341**
Lease liabilities		176	167	1,191	**1,358**	216	1,140	**1,356**
Other non-current liabilities		89	25	550	**575**	1,656	1,472	**3,128**
Total non-current liabilities		**476,242**	**537,185**	**299,389**	**836,574**	**525,768**	**311,161**	**836,929**
Current liabilities								
Borrowings and bonds issued	14	3,030	15,509	9,680	**25,189**	16,361	10,098	**26,459**
Advances received	15	16,275	16,005	−	**16,005**	12,801	−	**12,801**
Trade and other payables	16	14,627	15,412	974	**16,386**	11,211	1,816	**13,027**
Provisions for liabilities and charges		1,855	1,401	−	**1,401**	1,081	−	**1,081**
Deferred revenue	15	5,495	5,545	−	**5,545**	5,201	−	**5,201**
Lease liabilities		168	197	118	**315**	188	98	**286**
Other taxes payable		2,460	3,838	619	**4,457**	1,439	1,048	**2,487**
Other current liabilities		−	5,579	−	**5,579**	268	−	**268**
Total current liabilities		**43,910**	**63,486**	**11,391**	**74,877**	**48,550**	**13,060**	**61,610**
Total liabilities		**520,152**	**600,671**	**310,780**	**911,451**	**574,318**	**324,221**	**898,539**
Total liabilities and equity		**760,729**	**715,884**	**355,390**	**1,071,274**	**653,220**	**436,701**	**1,089,921**

* *As of 31 December 2022 and 2021, the Group combined additional paid-in capital of GEL 21,230 and other reserves of GEL 5,151 into a single line representing the aggregate amount of GEL 26,381.*

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 10 July 2023:

José Miguel Santos Gonzalez
Chief Executive Officer

Giorgi Gureshidze
Chief Financial Officer

The accompanying notes on pages 5 to 37 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

(Amounts expressed in thousands of Georgian Lari)

		2022				2021* (reclassified)			
	Note	***Water***	***Energy***	***Elimination***	***Total***	***Water***	***Energy***	***Elimination***	***Total***
Revenue from water supply and related services	17	184,870	–	–	184,870	172,322	–	–	172,322
Revenue from electric power sales	18	23,891	–	–	23,891	26,665	–	–	26,665
Business interruption reimbursement		–	–	–	–	–	–	–	–
Other revenue		1,254	–	–	1,254	2,443	–	–	2,443
Total revenue, income and gains		**210,015**	**–**	**–**	**210,015**	**201,430**	**–**	**–**	**201,430**
Electricity and transmission costs	4	(24,081)	–	–	(24,081)	(23,722)	–	931	(22,791)
Cost of electric power sales		(1,285)	–	1,285	–	(6,408)	–	6,408	–
Salaries and other employee benefits	19	(21,029)	–	–	(21,029)	(21,836)	–	–	(21,836)
Allowance for expected credit losses	12	(6,716)	–	–	(6,716)	(6,089)	–	–	(6,089)
Taxes other than income tax		(7,169)	–	–	(7,169)	(6,494)	–	–	(6,494)
General and administrative expenses	20	(4,206)	–	–	(4,206)	(3,294)	–	–	(3,294)
Professional fees	21	(2,969)	–	–	(2,969)	(1,845)	–	–	(1,845)
Raw materials, fuel and other consumables		(3,656)	–	–	(3,656)	(2,940)	–	–	(2,940)
Maintenance expenditure		(2,095)	–	–	(2,095)	(1,819)	–	–	(1,819)
Charge for provisions and legal claims related expenses		(737)	–	–	(737)	(388)	–	–	(388)
Other operating expenses	23	(6,515)	–	–	(6,515)	(5,794)	–	–	(5,794)
Gain from sale of non-core assets		–	–	–	–	4,151	–	–	4,151
Other income	22	1,357	–	–	1,357	3,197	–	–	3,197
		(79,101)	**–**	**1,285**	**(77,816)**	**(73,281)**	**–**	**7,339**	**(65,942)**
EBITDA		**130,914**	**–**	**1,285**	**132,199**	**128,149**	**–**	**7,339**	**135,488**
Finance income		4,491	–	–	4,491	3,144	–	–	3,144
Finance costs	24	(38,138)	–	–	(38,138)	(38,870)	–	–	(38,870)
Net foreign exchange gain		57,873	–	–	57,873	25,583	–	–	25,553
Depreciation and amortisation		(37,749)	–	–	(37,749)	(36,601)	–	–	(36,601)
Impairment of property, plant and equipment		–	–	–	–	–	–	–	–
Reassessment of estimates related to Eurobonds' refinancing	14	–	–	–	–	(33,139)	–	–	(33,139)
Non-recurring income/(expenses), net	26	1,009	–	–	1,009	(15,725)	–	–	(15,725)
Profit before income tax expense from continuing operations		**118,400**	**–**	**1,285**	**119,685**	**32,541**	**–**	**7,339**	**39,880**
Income tax expense		–	–	–	–	–	–	–	–
Profit for the year from continuing operations		**118,400**	**–**	**1,285**	**119,685**	**32,541**	**–**	**7,339**	**39,880**
Discontinued operations:									
Loss after tax for the year from discontinued operations	5	–	(708)	(1,285)	(1,993)	–	(43,739)	(7,339)	(51,078)
Profit/(loss) for the year		**118,400**	**(708)**	**–**	**117,692**	**32,541**	**(43,739)**	**–**	**(11,198)**
Other comprehensive income									
Other comprehensive income not to be reclassified to profit or loss in subsequent periods									
Gain from currency translation differences		7,632	–	–	7,632	2,143	–	–	2,143
Other comprehensive income for the year from continuing operations		7,632	–	–	7,632	2,143	–	–	2,143
Other comprehensive loss for the year from discontinued operations – loss from currency translation differences	5		(2,980)	–	(2,980)	–	(4,129)	–	(4,129)
Total comprehensive income (loss) for the year		**126,032**	**(3,688)**	**–**	**122,344**	**34,684**	**(47,868)**	**–**	**(13,184)**

* *Certain amounts do not correspond to the 2021 consolidated financial statements reflecting the adjustments made for presentation of discontinued operations as detailed in Note 5.*

The accompanying notes on pages 5 to 37 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2022

(Amounts expressed in thousands of Georgian Lari)

	Share capital	*Treasury shares*	*Additional paid-in capital and other reserves*	*Retained earnings*	*Revaluation reserve for property, plant and equipment*	*Total*	*out of which Water*	*out of which Energy*
Balance as at 31 December 2020	**104,666**	–	**26,742**	**55,161**	**4,813**	**191,382**	78,901	112,481
−out of which Water	*2*	–	*4,308*	*69,778*	*4,813*	*78,901*	*78,901*	–
−out of which Energy	*104,664*	–	*22,434*	*(14,617)*	–	*112,481*	–	*112,481*
Loss/(Profit) for the year	–	–	–	(11,198)	–	**(11,198)**	32,542	(43,740)
Other comprehensive loss	–	–	(1,986)	–	–	**(1,986)**	2,143	(4,129)
Total comprehensive income for the period	**–**	–	**(1,986)**	**(11,198)**	**–**	**(13,184)**	34,685	(47,869)
Share−based payments (Note 25)	–	–	2,039	–	–	**2,039**	2,039	–
Reduction of share capital	(20,000)	–	–	–	–	**(20,000)**	–	(20,000)
Revaluation reserve realized upon disposal	–	–	–	428	(428)	**–**	–	–
Transfers to parent under share-based compensation program (Note 25)	–	–	(414)	–	–	**(414)**	(414)	–
Balance as at 31 December 2021	**84,666**	–	**26,381**	**44,391**	**4,385**	**159,823**	**115,213**	**44,610**
−out of which Water	*2*	–	*8,076*	*102,750*	*4,385*	*115,213*	*115,213*	–
−out of which Energy	*84,664*	–	*18,305*	*(58,359)*	–	*44,610*	–	*44,610*
Profit/(Loss) for the year	–	–	–	117,692	–	**117,692**	118,400	(708)
Foreign currency translation reserve	–	–	4,651	–	–	**4,651**	7,649	(2,998)
Total comprehensive income for the year	**–**	–	**4,651**	**117,692**	**–**	**122,343**	**126,049**	**(3,706)**
Transfers to parent under share−based compensation program (Note 25)	–	–	(685)	–	–	**(685)**	(685)	–
Distribution of Energy business to the shareholders (Note 5)	–	(15,875)	(15,326)	(9,703)	–	**(40,904)**	–	(40,904)
Balance as at 31 December 2022	**84,666**	(15,875)	**15,021**	**152,380**	**4,385**	**240,577**	**240,577**	**–**
−out of which Water	*84,666*	*(15,875)*	*15,021*	*152,380*	*4,385*	*240,577*	*240,577*	–
−out of which Energy	–	–	–	–	–	–	–	–

The accompanying notes on pages 5 to 37 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2022

(Amounts expressed in thousands of Georgian Lari)

	Note	*2022*			*2021*		
		Water	*Energy*	*Total*	*Water*	*Energy*	*Total*
Cash flows from operating activities							
Profit/(loss) before income tax expense		**119,685**	**(1,993)**	**117,692**	**32,541**	**(43,739)**	**(11,198)**
Adjustments for:							
Depreciation and amortisation	9, 11	37,749	8,070	**45,819**	36,601	12,580	**49,181**
Allowance for expected credit losses	12	6,716	–	**6,716**	6,089	–	**6,089**
Charge for provisions and legal claims related expenses		737	–	**737**	388	–	**388**
Net gain from disposal of property, plant and equipment, non−core assets and investment property		293	1,554	**1,847**	(3,973)	–	**(3,973)**
Revaluation gain on investment property	10	14	–	**14**	(1,258)	–	**(1,258)**
Net foreign exchange (gains) losses		(57,873)	(177)	**(58,050)**	(25,583)	25	**(25,558)**
Finance income		(4,491)	(860)	**(5,351)**	(3,144)	(1,293)	**(4,437)**
Finance costs	24	38,138	17,707	**55,845**	38,870	24,873	**63,743**
Termination bonus payment	14	–	(1,306)	**(1,306)**	–	–	**–**
Derecognition of unclaimed advances received and trade payables		(342)	–	**(342)**	(539)	–	**(539)**
Business interruption reimbursement gain		–	–	**–**	–	(587)	**(587)**
Other income related to cash settled share−based payments	25	–	–	**–**	(346)	–	**(346)**
Impairment of property plant and equipment	9	–	–	**–**	–	36,595	**36,595**
Non−recurring expenses, net	26	(1,009)	1,801	**792**	1,530	1,670	**3,200**
Share−based payment expense	25	28	–	**28**	2,759	–	**2,759**
Reassessment of estimates related to Eurobonds refinancing	14	–	–	**–**	33,139	2,765	**35,904**
Working capital changes							
Change in inventories		(711)	47	**(664)**	(439)	(41)	**(480)**
Change in trade and other receivables		(6,152)	(1,187)	**(7,339)**	(17,552)	(604)	**(18,156)**
Change in prepaid taxes other than income tax		226	(3,122)	**(2,896)**	(41)	176	**135**
Change in prepayments		(174)	(243)	**(417)**	(651)	(85)	**(736)**
Change in trade and other payables		(3,837)	224	**(3,613)**	987	(836)	**151**
Change in deferred revenue – current portion		(50)	–	**(50)**	344	–	**344**
Change in advances received		612	–	**612**	3,592	–	**3,592**
Change in reimbursement asset		–	–	**–**	–	650	**650**
Change in other tax payables		(1,378)	2,478	**1,100**	2,394	(424)	**1,970**
Operating cash flows after working capital changes		**128,181**	**22,993**	**151,174**	**105,708**	**31,725**	**137,433**
Change in deferred revenue – non-current portion		2,923	–	**2,923**	1,533	–	**1,533**
Net investments in securities		**–**	**6,808**	**6,808**	**–**	**–**	**–**
Net cash flows from operating activities		**131,104**	**29,801**	**160,905**	**107,241**	**31,725**	**138,966**
Cash flows from investing activities							
Purchase of property, plant and equipment and intangible assets		(107,512)	(2,190)	**(109,702)**	(78,793)	(6,945)	**(85,738)**
Proceeds from sale of property, plant and equipment and investment property		1,624	1,325	**2,949**	8,010	–	**8,010**
Purchase of other non−current assets		–	–	**–**	–	(568)	**(568)**
Proceeds from loan issued		–	(10,485)	**(10,485)**	–	146	**146**
Interest received		4,420	668	**5,088**	3,144	903	**4,047**
Purchase of the Parent's bonds		–				(8,308)	**(8,308)**
Distribution of Energy business to the shareholders	5	–	(15,144)	**(15,144)**	–	–	**–**
Net cash used in investing activities		**(101,468)**	**(25,826)**	**(127,294)**	**(67,639)**	**(14,772)**	**(82,411)**
Cash flows from financing activities							
Payment of principal portion of lease liabilities		(230)	(51)	**(281)**	(223)	(231)	**(454)**
Proceeds from borrowings	14	476,628	262,188	**738,816**	4,920	2,525	**7,445**
Repayment of borrowings	14	(449,421)	(277,372)	**(726,793)**	(23)	–	**(23)**
Interest paid	14	(46,841)	(23,701)	**(70,542)**	(38,328)	(23,790)	**(62,118)**
Commission for prepayment of loans		(27,461)	–	**(27,461)**	–	–	**–**
Reduction of the share capital	13	–	–	**–**	–	(20,000)	**(20,000)**
Transfers to parent under share−based compensation program	25	(3,563)	–	**(3,563)**	(414)	–	**(414)**
Net cash used in financing activities		**(50,888)**	**(38,936)**	**(89,824)**	**(34,068)**	**(41,496)**	**(75,564)**
Effect of exchange rate changes on cash and cash equivalents		(1,733)	(1,987)	**(3,720)**	(1,218)	(1,770)	**(2,988)**
Net change in cash and cash equivalents		**(22,985)**	**(36,948)**	**(59,933)**	**4,316**	**(26,313)**	**(21,997)**
Cash and cash equivalents at the beginning of year	28	59,894	36,948	**96,842**	55,578	63,261	**118,839**
Cash and cash equivalents at the end of year	28	**36,909**	**–**	**36,909**	**59,894**	**36,948**	**96,842**

In 2022 following non−cash items were included in purchase of property, plant and equipment and intangible assets: GEL 4,165 (2021: GEL 863) and GEL 365 (2021: GEL 253) of change in prepayments and payables for non−current assets respectively, capitalised accrued bonuses and employee share−based compensation amounting to GEL 2,629 and nil (2021: GEL 3,549 and GEL 1,504) respectively, and capitalised borrowing costs of GEL 286 (2021: GEL 1,328).

The accompanying notes on pages 5 to 37 are an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Georgian Lari)

1. Corporate information

Georgian Global Utilities LTD, formerly known as Multiplex Energy Limited, was incorporated in British Virgin Islands on 16 August 2007 as a private limited liability company.

In the beginning of 2020, Georgian Global Utilities LTD implemented a planned de−offshorisation (re−domiciliation), pursuant whereto, change has been made to the Georgian Global Utilities LTD's shareholding structure. Georgian Global Utilities LTD has been replaced by Georgia Global Utilities JSC, identification number 404591599 ("GGU" or "the Company"), a Georgian resident entity, incorporated on 22 January 2020 in accordance with regulation of the National Agency of Public Registry, as a 100% owned subsidiary of Georgia Capital JSC.

In March 2020, Georgian Global Utilities LTD was liquidated.

GGU is considered as a continuation of Georgian Global Utilities LTD for the purpose of preparation of these consolidated financial statements.

Further, on 6 July 2020, in connection with GGU's Eurobonds offering (Note 14), Georgia Capital JSC contributed its 100% shareholdings in Svaneti Hydro JSC, Georgia Energy Holding LLC (the parent of Hydrolea LLC), Georgia Wind Company LLC (the parent of Qartli Wind Farm LLC) and Georgian Energy Trading Company LLC to GGU, which represented a business combination under common control. Subsequent to the contribution, Georgia Wind Company LLC and Georgia Energy Holding LLC were merged with the Company, and the Company became a 100% direct holder of controlling interests in Qartli Wind Farm LLC and Hydrolea LLC.

Change in controlling shareholder

On 31 December 2021, Georgia Capital JSC ("GCAP") concluded a share purchase agreement to sell 80% of its equity interest in the water utility business of GGU to FCC Aqualia ("Aqualia"), by way of a two−stage transaction.

On 3 February 2022, with the receipt of full sales proceeds by GCAP and transfer of 65% of ordinary shares of GGU to Aqualia the first stage of the water utility business sale transaction has been completed. Accordingly, Aqualia became the new controlling shareholder of GGU's water business.

The second stage of the transaction followed the planned redemption in third quarter 2022 of USD 250 million Eurobond issued by GGU, which is financed pro−rata to their interests in GGU by Aqualia and GCAP by way of a shareholder loan (Note 14). Following the bond redemption and subsequent demerger of the operational renewable energy assets via a spin−off described below, GCAP recovered full ownership of the Group's renewable energy assets, and Aqualia's ownership in the water utility business increased to 80%.

In June 2022, GGU established a 100% owned subsidiary Georgian Renewable Power Operations ("GRPO") and in October 2022 transferred GGU's Energy Segment subsidiaries (Svaneti Hydro JSC ("SH"), Hydrolea LLC ("HYDL") and Qartli Wind Farm LLC ("QWF")) to GRPO in exchange for GRPO issuing its equity instruments. GRPO was then divested to GCAP in exchange of redemption of the Company's shares. The effect of the renewable energy business distribution on these consolidated financial statements is disclosed in Note 5.

GGU is a holding parent company of the following entities (referred together as "the Group"):

	Country of incorporation	*Date of incorporation*	*Date of acquisition*	*31 December 2022*	*31 December 2021*
Georgian Water and Power LLC ("GWP")	Georgia	25−Jun−1997	14−May−2008	100%	100%
Rustavi Water LLC ("RWC")	Georgia	31−Aug−1999	14−May−2008	100%	100%
Gardabani Sewage Treatment Plant LLC	Georgia	20−Dec−1999	14−May−2008	100%	100%
Georgian Engineering and Management Company LLC	Georgia	29−Mar−2011	29−Mar−2011	100%	100%
Saguramo Energy LLC	Georgia	11−Dec−2008	19−Dec−2015	100%	100%
Georgian Energy Trading Company LLC ("GETC")	Georgia	23−Apr−2019	15−Dec−2019	100%	100%
Svaneti Hydro JSC ("SH")	Georgia	6−Dec−2013	20−Apr−2017	0%	100%
Hydrolea LLC ("HYDL")	Georgia	6−Jul−2012	28−Oct−2019	0%	100%
Qartli Wind Farm LLC ("QWF")	Georgia	10−Sep−2012	30−Dec−2019	0%	100%

Throughout 2021 and majority of 2022, GGU had two main segments of business activities: a) water supply and wastewater collection services and b) electric power generation and sales (divested in 2022). GGU is rendering water supply and wastewater collection services to legal entities and general population of Tbilisi, Rustavi, Mtskheta cities and the nearby villages. GGU owns and operates water and wastewater infrastructure assets used in water supply and wastewater collection. As at 31 December 2021. GGU also owned and operated hydroelectric and wind power stations generating electric power for own use and for sale. The Group also engages in electric power trading.

The GGU's registered address is 10 Medea (Mzia) Jugheli Str., 0179, Tbilisi, Georgia.

(Amounts expressed in thousands of Georgian Lari)

2. Operating environment

In March 2020, the World Health Organization confirmed the novel coronavirus ("COVID−19") as a global pandemic.

The Government of Georgia took significant steps at the early stage of the COVID−19 outbreak, imposing a range of restrictions like elsewhere around the world including economy support initiative related to the utility sector. The initiative package includes, among other measures, coverage of water supply services payments on behalf of the certain categories of individuals. Since February 2021, the economy has been fully reopened for the better part of the year. The water utility business enjoyed a modest increase in the volume of water sales to commercial customers, which demonstrated fast recovery from the COVID−19 pandemic, and following the rebound in economic activities, the demand on water sales increased throughout the year, getting close to pre−pandemic levels by the end of 2021. There was no substantial impact of COVID−19 on the Group's renewable energy business.

In 2022 the Georgian economy continued to demonstrate positive dynamics in recovery from the pandemic. This trend was also supported by the global economic recovery and higher prices on global commodity markets. The Group currently assesses residual impacts of COVID−19 on its business as insignificant.

As a result of the war in Ukraine, many leading countries and economic unions have announced severe economic sanctions on Russia, including Russian banks, other entities and individuals. Since the start of the war, there has been a significant volatility of the Russian Ruble against foreign currencies, as well as significant loss of value on the securities markets in Russia and of Russian companies listed in other markets. The situation is still unfolding, but it has already resulted in a humanitarian crisis and huge economic losses in Ukraine, Russia and the rest of the world. Ukraine and Russia are important trade partners of Georgia. It is expected that the war will have a significant impact on the Georgian economy; in 2022, foreign currency remittances from Russian and Ukrainian citizens relocated to Georgia contributed to significant appreciation of Georgian Lari against USD and Euro. 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 management is monitoring the economic situation in the current environment.

The Group is constantly monitoring impact of the war in Ukraine on its business. To the extent information is available, effects of the war are reflected in these consolidated financial statements.

3. Basis of preparation

These consolidated financial statements of the Group for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") effective for 2022 reporting.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value.

The consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated.

Change in presentation

In 2022, in connection with the divestment of GRPO to Georgia Capital JSC (Note 1), the Group amended presentation of its consolidated financial statements to present separately contribution of Water and Energy businesses to the total Group's balances, results of operations and cash flows. Comparative information and explanatory notes have been amended accordingly.

4. Summary of significant accounting policies

Adoption of new or revised standards and interpretations

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First−time Adoption of International Financial Reporting Standards – Subsidiary as a first−time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 *Insurance Contracts* – effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.
- Amendments to IAS 1: *Classification of Liabilities as Current or Non−current* – effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.
- Amendments to IAS 8: *Definition of Accounting Estimates* – effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting estimates that occur on or after the start of that period.
- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies* – effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* – should be applied to transactions that occur on or after the beginning of earliest comparative period presented.

The Group is assessing the impact of the revised standards and amendments.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra−group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations under common control

The business combinations under common control are accounted for using pooling of interest method with restatement of periods prior to the combination under common control.

The assets and liabilities acquired are recognised at carrying amounts to reflect the combination as if it had occurred from the beginning of the earliest period presented and no adjustments are made to reflect fair values at the date of combination. The difference between consideration transferred and net assets acquired is recorded as an adjustment to the equity. No goodwill is recognised as a result of business combination under common control.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Fair value measurement

The Group measures financial instruments, such as derivatives and non−financial assets such as investment properties, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in Note 28.

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 measured in the consolidated financial statements at fair value 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.

Financial assets

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

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.

For purposes of subsequent measurement, financial assets of the Group are classified as financial assets at amortised cost, which include trade and other receivables, restricted cash and cash at bank. The Group does not have any financial assets measured at either FVOCI or FVPL, except for derivative financial instruments. The Group's financial assets are included in current assets, except for assets with maturities greater than 12 months after the end of the reporting period. These are classified as non−current assets.

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.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss includes financial assets held for trading.

The Group classifies a financial asset as held for trading if acquired or originated principally for the purpose of generating a profit from short−term fluctuations in price or dealer's margin or if it is part of a portfolio of identified instruments that are managed together and for which there is evidence of a recent actual pattern of short−term profit−taking.

Financial assets held for trading include debt securities acquired by the entity with the intention of making a short−term profit from price or dealer's margin. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Impairment of receivables

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. 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.

For receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

A financial asset is credit−impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence of impairment may include:

- Significant financial difficulty of the counterparty;
- A breach of agreement, such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- There is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

If, in a subsequent year, the amount of the estimated ECLs increases or decreases, the previously recognised ECLs are increased or reduced by adjusting the allowance account. If a future write−off is later recovered, the recovery is credited to the profit or loss in the allowance for impairment of trade receivables line with a negative sign as a reversal of impairment.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows discounted at the original effective interest rate of the asset.

Uncollectible assets are written off against the related ECL allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. In addition, a customer may file an application with the regulator, GNERC, for derecognition of a receivable overdue for more than 3 years. If such an application is approved by GNERC, the Group is required to derecognize respective receivable by law.

Note 12 provides further details on assessment and judgement applied in respect with ECL and write−off of trade and other receivables.

Renegotiated receivables

Renegotiated (restructured) receivables comprise carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated. Only trade receivables for water supply services and from penalties for illegal connections can be restructured. The restructuring is caused by the financial difficulties of the Group's counterparty, and is treated as a modification original financial asset, and the difference in the respective carrying amounts, calculated using original effective interest rate, is recognised in the profit or loss as a modification gain or loss.

Once the terms have been renegotiated, the receivable is no longer considered past due. Management continuously reviews renegotiated receivables to ensure that all criteria are met and that future payments are likely to occur. The renegotiated receivables continue to be subject to an ECL assessment as other trade receivables as described above.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

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

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

All of the Group's financial liabilities, including borrowings and trade and other payables, are carried at amortised cost except for derivative financial liabilities held at fair value. The Group's borrowings comprise of debt securities issued and loans from Georgian and international financial institutions.

A financial liability is derecognized 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 recognized in the profit or loss.

Property, plant and equipment

Water infrastructure assets comprise a network of systems consisting of raw water aqueducts, mains and sewers, impounding and pumped raw water storage reservoirs and sludge pipelines. Energy infrastructure assets (related to the divested renewable energy business) mainly comprise of turbine−generators, intakes and reservoirs as well as measurement masts required for wind projects and water−flow measurement stations. Investment expenditure on infrastructure assets relating to increases in capacity or enhancements of the network and asset replacements to maintain the operating capability of the network is treated as an addition and initially recorded at cost, whilst repair and maintenance expenditure which does not enhance the asset's base is charged as an operating cost. As well as the purchase price, cost of property, plant and equipment, including assets under construction, includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Directly attributable costs include professional services provided by technical, environmental and other relevant experts. Additionally, directly attributable costs consider pre−permission expenditures, which include studies and services provided during the project assessment period, such as measurement studies, design expenditure, technical and environmental expertise, geological surveys. Contributions to the local governing bodies incurred for obtaining building permissions of power plants are also part of directly attributable costs. The liability for dismantling and removing items is recognised within provisions.

The Group owns real estate that mainly consists of administrative buildings and operational premises. All categories of property, plant and equipment are accounted for at cost less accumulated depreciation and impairment.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation of an asset commences from the date the asset is ready and available for use. Depreciation of depreciable amount (defined as cost less residual value) is calculated on a straight−line basis over estimated useful lives. Existing useful lives applicable for several classes of property, plant and equipment are:

	Useful lives
Real estate	60 years
Water infrastructure assets	5−45 years
Energy infrastructure assets	10−50 years
Fixtures and fittings	5−10 years
Vehicles	5−10 years

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Investment property

Investment property is represented by land and buildings that are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income, capital appreciation or both. Investment property also includes land held for undetermined future use.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition. The revaluation reserve for investment property in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. If the possibility of outflow becomes probable, the Group recognizes respective Provisions for liabilities and charges to provisions. Contingent assets are not recognized in the consolidated statement of financial position unless reimbursement is virtually certain (which is usually the case with reimbursement from insurance companies) but disclosed when an inflow of economic benefits is probable.

Intangible assets

Intangible assets, which are acquired by the Group and which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets include acquired software licenses and are amortised on a straight−line basis over their estimated useful lives (3−5 years) from the date the asset is available for use.

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Taxation

The annual profit earned by entities other than banks, insurance companies and microfinance organizations are not taxed in Georgia starting from 1 January 2017. Corporate income tax is levied on profit distributed as dividends to the shareholders that are individuals or non−residents of Georgia at the rate of 15/85 of net distribution. The corporate income tax arising from the payment of dividends is accounted for as a liability and expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. In certain circumstances, deductions from income tax charge payable are available that are accounted as reduction of income tax expense related to respective distribution. The companies are able to offset corporate income tax liability arising from dividend distributions out of profits earned in 2008−2016 by the amount of corporate income tax paid for the respective period under the current regulation. Dividends distributions between Georgian resident companies is not subject to corporate income tax. Due to the nature of the Georgian taxation system, no deferred tax assets and liabilities arise for the entities registered in Georgia.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Taxation (continued)

Georgian tax legislation also provides for charging corporate income tax on abnormal water losses. Pursuant to the regulation published by GNERC, normative loss rate has been increased and the Group does not expect to be subject to respective taxes. Taxation of such transactions is not considered to be in scope of IAS 12 *Income Taxes* and is accounted as non−recurring expenses in the consolidated statement of profit or loss and other comprehensive income.

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventory is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non−current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non−current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received.

If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Cash at bank and restricted cash

Cash at bank includes deposits held at call with banks with original maturities of three months or less and are subject to insignificant risk of change in value. Cash at bank are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash at bank for the purposes of the cash flow statement. Balances restricted from being immediately exchanged or used to settle a liability at discretion of the Group are included in restricted cash separately.

Share capital

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

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved.

Value added tax

Value added tax ("VAT", charged at 18% in Georgia) related to sales is payable to tax authorities when goods are shipped or services are rendered. Input VAT is recognised upon the receipt of a tax invoice from a supplier but is reclaimable against sales VAT only upon a payment of such invoice. The tax legislation permits the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases, which have not been settled at the end of the reporting period is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Borrowing costs

Borrowing costs comprise interest expense calculated using the effective interest method and exchange differences arising from borrowings in foreign currency to the extent that they are regarded as an adjustment to interest costs. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. The amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred on that borrowing during the period of respective property construction phase. The capitalization rate for borrowing costs was 8.28% in 2021 and 2022.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Provisions for liabilities and charges to provisions

Provisions for liabilities are non−financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, 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 the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

In the normal course of business, the Group is a party to legal actions. As at the reporting date, management is unaware of any actual, pending or threatened claims against the Group that would have a material impact on the Group’s financial position.

Management does not consider it feasible to accurately estimate when the provision will be fully utilised, given the number of court hearings and appeal processes that each claim may be subject to. However, it is expected that all cases will be settled within the next three years. In addition, there remains uncertainty as to the merits of each individual claim and the final decision of the court in respect of each claim. After taking appropriate legal advice, management considers that the outcome of these legal claims will not give rise to any significant loss beyond the amounts accrued in these consolidated financial statements.

EBITDA

The Group separately presents EBITDA on the face of consolidated statement of profit or loss and other comprehensive income. EBITDA is not defined in IFRS and is defined by the Group as earnings before interest, taxes, depreciation and amortisation, and is derived as the Group’s profit before income tax expense but excluding the following line items: depreciation and amortisation, interest income, finance costs, net foreign exchange losses, loss on extinguishment of financial liabilities, reassessment of estimates related to Eurobonds refinancing and non−recurring expenses.

Gain from sale of non−core assets

As the Group sells its property, plant and equipment regularly, gains from these transactions operations are considered to be part of the Group’s operating income and are presented in Gain from sale of non−core assets in the consolidated statement of profit or loss and other comprehensive income.

Non−recurring income and expenses

The Group separately classifies and discloses those income and expenses that are non−recurring by nature. Any type of income or expense may be non−recurring by nature. The Group defines non−recurring income or expense as income or expense triggered by or originated from an unusual 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.

Offsetting

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

Functional currencies and foreign currency translation

The Group’s consolidated financial statements are presented in Georgian Lari. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. For the Company and entities of electric power generation and sales (which were in Group before demerger in October 2022), US Dollar, and for other entities of the Group, Georgian Lari was determined to be the functional currency.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Functional currencies and foreign currency translation (continued)

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. 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 recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non−monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

Gains and losses resulting from the translation of foreign currency transactions related to borrowings and other foreign currency transactions are recognized in the profit or loss and other comprehensive income within net foreign exchange losses.

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 foreign exchange losses less gains. The official NBG exchange rates as at 31 December 2022 and 2021 were 2.8844 and 3.5040 GEL to 1 Euro, respectively. The official NBG exchange rates as at 31 December 2022 and 2021 were 2.7020 and 3.0976 GEL to 1 USD, respectively.

Until 1 October 2022, the functional currency of the Company was US dollars. Following distribution of the renewable energy subsidiaries to the shareholder (Note 5), the functional currency of the Company was reassessed and determined to be Georgian Lari.

In making that assessment, the management considered that the Company represents an extension of its remaining water business subsidiaries (for which the functional currency is GEL) rather than a separate operation. Significant judgment was applied by the management in determination of appropriate functional currency and assessment of whether change in the underlying transactions, events and conditions warrant a change in the functional currency.

Change in functional currency was applied prospectively starting from 1 October 2022. At the date of change, the Company translated all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non−monetary items are treated as their historical cost.

Items in the consolidated financial statements are translated to presentation currency based on following principles: assets and liabilities are translated into GEL at the rate of exchange ruling at the reporting date, income and expenses are translated at the exchange rates at the dates of the transactions (or at the average rate for the period when this is a reasonable approximation) and equity components are maintained at the rate of exchange ruling at the date of change in functional currency. The exchange differences arising on the translation are taken to other comprehensive income.

Included in Effect of exchange rate changes on cash and cash equivalents in consolidated statement of cash flow are net foreign exchange gain/loss on cash and cash equivalents and effect of foreign currency translation made in order to prepare consolidated statement of cash flows in GEL.

Income and expense recognition

Revenue is recognized when the Group satisfies a performance obligation at an amount that reflects the consideration to which the Group expects to be entitled in exchange for promise to transfer the goods and services to a customer. The following specific principles also apply to the Group's major classes of revenues:

Revenue from water supply and related services

Revenue from water supply is recognized over time as a single performance obligation to supply water to customer is satisfied. Amounts billed to customers include billings for water supply as well as charges for connection and installation of water meters, as follows.

Revenue from water supply to legal entities includes amounts billed to the commercial customers based on the metered and estimated usage of water and by application of the relevant tariff for services set per unit of water supplied. Meters are read on a cyclical basis and the Group recognises revenue for unbilled amounts based on estimated usage of water based on the last billing through to the end of the financial year.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Income and expense recognition (continued)

Revenue from water supply to general population includes amounts billed on monthly basis to the residential customers (with meter) based on the metered usage of water and by application of the relevant tariff for services set per unit of water supplied. For the residential customers having no meters, revenue is recognized based on the number of individual persons registered by the respective city municipality per each residential address by application of the relevant per capita tariff on a monthly basis.

Charges for installation of water meters includes amounts billed to residential customers under GNERC rules. The performance obligations under such contracts are satisfied over time as the Group supplies water to respective customer and the revenue is recognised during the service period. The estimated service period for the meters is considered to be 10 years. The revenue is recognized over the respective time period.

Charges for connection service includes non−refundable amounts billed upfront for connecting customers to water system and providing them with the access to water supply. Charges from connection is recognized as revenue from water supply over the time in line with the satisfaction of performance obligation to supply water to respective customer over the life of water meters.

Revenue from electric power sales (including those presented within discontinued operations)

Revenue from electric power sales is recognised on the basis of metered electric power transferred and by application of the fixed price according to the agreement formed with customers. Customers are usually obliged to pay the respective balances by a following month end.

Penalty income on illegal connections services

Penalty income on illegal connections services includes fines billed to customers for illegal connections identified by reinforced activities. Amounts billed are defined based on respective tariffs set by GNERC. Penalty income on illegal connections services is included in other income in the consolidated statement of profit or loss and other comprehensive income (Note 22).

Electricity and transmission costs

Electricity and transmission costs include payments for guaranteed power, for transit and dispatching of electric power and for maintenance of stations.

Interest and similar income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, and such asset meets definition of credit−impaired, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Employee benefits

The Group recognises the expected cost of profit-sharing and bonus payments when, and only when:

(a) The entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) A reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Wages, salaries, annual leave and sick leave, bonuses, share−based compensations and other benefits are accrued in the period in which the associated services are rendered by the employees of the Group or when legal or constructive obligation to make the payment arises.

(Amounts expressed in thousands of Georgian Lari)

4. Summary of significant accounting policies (continued)

Employee stock ownership plan

Share−based payment transactions

Until share in the controlling shareholder (Note 1), Senior executives of the Group received share−based remuneration settled in equity instruments of GCAP and of the Group. Grants were made by GCAP and by the Group. Grants that the Group did not have a liability to settle (or those which the Group had liability to settle but those made in the instruments of the Group itself) were accounted for as equity−settled transactions (even if the Group may had been subsequently recharged the cost of the award to the settling entity, which was recognized as deduction from Other reserves in the consolidated statement of changes in equity at respective payment date). Grants that the Group had the liability to settle in cash or in equity instruments of GCAP were accounted for as cash−settled transactions.

Equity−settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of the shares is determined at the grant date using market quotations available at the stock exchange.

The cost of equity settled transactions is recognized together with the corresponding increase in additional paid in capital, 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 recognized 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. Settlements to the GCAP for the shares granted to the employees of the Group are accounted as decrease in Other reserves.

Cash−settled transactions

In respect of cash−settled transactions, the Group recognized a liability in respect of earned but not settled equity instruments at their fair value as at the reporting date, presented in other current and non−current liabilities in consolidated statement of financial position. Changes in the fair value of the cash−settled liabilities arising from either change in the fair value of the equity instruments or number of shares earned were recognized in cost of assets or expenses to salaries and other employee benefits in the consolidated statement of profit or loss and other comprehensive income.

5. Discontinued operations

Following change in the controlling shareholder of the Group (Note 1) and redemption of the Eurobonds (Note 14), in October 2022 GGU transferred its Energy Segment subsidiaries (Svaneti Hydro JSC, Hydrolea LLC and Qartli Wind Farm LLC) to Georgia Capital JSC in exchange of redemption of the Company's shares (Note 13).

The management of the Group determined that divestment of the renewable energy business meets the definition of a discontinued operation under IFRS 5, as the renewable energy represented a separate major line of the Group's business. Further, the management exercised significant judgment and concluded that the renewable energy business, being a distribution of non−cash assets to shareholder, does not fall in scope of IFRIC 17 Distributions of Non−cash Assets to Owners, as the renewable energy business was ultimately controlled by Georgia Capital JSC before and after distribution via rights arising from class of shares hold by Georgia Capital JSC and the terms of shareholders agreement between Georgia Capital and Aqualia. Accordingly, distribution of the renewable energy business was accounted for as a reduction of the Group's equity in amount equal to book value of the divested assets.

(Amounts expressed in thousands of Georgian Lari)

5. Discontinued operations (continued)

The Group presented the aggregate results of operations of the renewable energy business in a single line in consolidated statement of profit or loss and other comprehensive income for the current and comparative period. Accordingly, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 was amended as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021	***As previously reported***	***Discontinued operations***	***As reclassified***
Revenue from water supply and related services	172,322	–	172,322
Revenue from electric power sales	62,635	(35,970)	26,665
Business interruption reimbursement gain	587	(587)	–
Other revenue	2,498	(55)	2,443
Total revenue, income and gains	**238,042**	**(36,612)**	**201,430**
Electricity and transmission costs	(23,315)	524	(22,791)
Salaries and other employee benefits	(22,765)	929	(21,836)
Allowance for expected credit losses	(6,089)	–	(6,089)
Taxes other than income tax	(8,974)	2,480	(6,494)
General and administrative expenses	(3,623)	329	(3,294)
Professional fees	(2,577)	732	(1,845)
Raw materials, fuel and other consumables	(3,225)	285	(2,940)
Maintenance expenditure	(4,450)	2,631	(1,819)
Charge for provisions and legal claims related expenses	(388)	–	(388)
Other operating expenses	(7,733)	1,939	(5,794)
Gain from sale of non−core assets	4,151	–	4,151
Other income	3,197	–	3,197
	(75,791)	**9,849**	**(65,942)**
EBITDA	**162,251**	**(26,763)**	**135,488**
Finance income	4,437	(1,293)	3,144
Finance costs	(63,743)	24,873	(38,870)
Net foreign exchange gain	25,558	25	25,583
Depreciation and amortization	(49,181)	12,580	(36,601)
Impairment of property plant and equipment	(36,595)	36,595	–
Reassessment of estimates related to Eurobonds' refinancing	(35,904)	2,765	(33,139)
Non−recurring income/(expenses), net	(18,021)	2,296	(15,725)
Profit/(loss) before income tax expense	**(11,198)**	**51,078**	**39,880**
Income tax expense	–	–	–
Profit for the year from continuing operations	–	–	**39,880**
Loss for the year from discontinued operations	–	**51,078**	**(51,078)**
(Loss) / profit for the year	**(11,198)**	**51,078**	**(11,198)**

(Amounts expressed in thousands of Georgian Lari)

5. Discontinued operations (continued)

The major classes of assets and liabilities of Energy Business at disposal date were as follows:

	At disposal date
Assets	
Non−current assets	
Property, plant and equipment	267,239
Right−of−use assets	1,373
Loans issued	9,705
Other non−current assets	864
Total non−current assets	**279,181**
Current assets	
Inventories	359
Trade and other receivables	4,838
Loans Issued	255
Prepaid taxes other than income tax	4,384
Reimbursement assets	2,122
Prepayments	610
Cash at bank	15,144
Total current assets	**27,712**
Total assets	**306,893**
Liabilities	
Non−current liabilities	
Long term borrowings	259,372
Lease liabilities	1,229
Other non−current liabilities	503
Total non−current liabilities	**261,104**
Current liabilities	
Current borrowings	392
Trade and other payables	1,196
Lease liabilities	112
Other taxes payable	3,097
Other current liabilities	88
Total current liabilities	**4,885**
Total liabilities	**265,989**
Total liabilities and equity	**306,893**
Net assets directly associated with disposal of Energy Business	**40,904**

(Amounts expressed in thousands of Georgian Lari)

5. Discontinued operations (continued)

Results of operations of the Energy Business for 2022 prior to disposal date are presented below:

	Up to the date of disposal
Revenue from electric power sales	33,043
Total revenue	**33,043**
Electricity and transmission costs	(433)
Salaries and other employee benefits	(869)
Taxes other than income tax	(1,639)
General and administrative expenses	(263)
Professional fees	(400)
Raw materials, fuel and other consumables	(246)
Maintenance expenditure	(1,767)
Other operating expenses	(1,307)
Operating expenses	**(6,924)**
EBITDA	**26,119**
Finance income	860
Finance costs	(17,707)
Foreign exchange gains/(losses)	117
Depreciation and amortization	(8,070)
Non−recurring expenses	(1,801)
Loss on disposal of PPE	(1,571)
Loss before income tax expense	**(1,993)**
Income tax expense	–
Loss for the year from discontinued operations	**(1,993)**

6. Related party disclosure

In accordance with IAS 24, *Related Party Disclosures*, parties are considered to be related if one party has the ability to control or jointly 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.

Change in controlling shareholder (Note 1) resulted in change in the composition of related parties of the Group. As at 31 December 2022 and for the period from 3 February 2022, the Group's immediate parent is Aqualia LLC and its ultimate controlling parent is Aqualia FCC S.A. As at 31 December 2021 and for the year then ended, and for the period from 1 January 2022 to 3 February 2022 the Group's parent was Georgia Capital JSC and its ultimate controlling parent was Georgia Capital PLC. Following change in controlling shareholder, transactions with Georgia Capital JSC are presented in the table below as transactions with other shareholders.

(Amounts expressed in thousands of Georgian Lari)

6. Related party disclosure (continued)

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

	31 December 2022			*31 December 2021*	
	The Parent	***Other shareholders***	***Entities under common control***	***The Parent***	***Entities under common control***
Assets					
Trade and other receivables	–	–	–	–	2,282
Prepayments	–	–	–	–	654
Reimbursement asset	–	–	–	–	2,318
Financial assets held for trading (a)	–	–	–	8,122	–
Other current assets	–	–	–	2,594	–
Borrowings as at 1 January	**–**		**2,245**	**–**	**–**
Proceeds from borrowings and interest accrued during the year	487,926	262,727	415	–	2,245
Repayment of borrowing including interest during the year	(8,188)	–	–	–	–
Foreign exchange differences on borrowings	(33,459)	–	(44)	–	–
Currency translation differences on borrowings	–	(6,366)	–	–	–
Disposal of Energy Business	–	(256,361)	(2,616)	–	
Borrowings as at 31 December	**446,280**	–	–	–	**2,245**
Liabilities					
Advances received	–	–	–	–	527
Trade and other payables	–	–	–	–	187

(a) In March 2021, the Group purchased 2,493 notes worth USD 2,500 thousand issued by the Parent as a tap issue to the original notes issued in 2018 on Irish Stock Exchange. The notes accrue annual 6.125% and mature in 2024. The financial assets are at fair value through profit or loss as held for trading. During 2021 the Group recognized GEL 390 of finance income on the notes.

	2022			*2021*	
	The Parent	***Other shareholders***	***Entities under common control***	***The Parent***	***Entities under common control***
Income and expenses					
Revenue from water supply	–	–	1,627	–	2,291
Other revenue	–	–	236	–	1,767
Business interruption reimburesement[1*]	–	–	–	–	587
Other income	–	–	–	–	15
Loss from insurance reimbursement[2*]	–	–	–	–	(2,464)
Finance cost capitalized	–	–	–	–	(134)
Professional fees	(873)	–	–	–	–
Finance cost	(11,365)	(1,403)[4]	–	–	–
Finance income	–	260[4]	–	–	390
Maintenance expenditure	–	–	–	–	(59)
Other operating expenses[3]	–	–	(2,619)[4]	–	(2,110)

1 Business interruption reimbursement income in 2021 represents the insurance claim for the business interruption caused by the insurance event.

2 In 2021 insurance reimbursement comprises GEL 2,158 of remeasurement of previously recognized reimbursement asset, GEL 1,731 of reimbursement income related to Kasleti flood and respective write−off of property, plant and equipment of GEL 2,037.

3 Other operating expenses mostly comprises of insurance expense.

4 Finance income, finance costs and GEL 765 of other operating expenses in 2022 are related to discontinued operations and included in profit/(loss) after tax for the year from discontinued operations in the consolidated statement of profit and loss and other comprehensive income.

(Amounts expressed in thousands of Georgian Lari)

6. Related party disclosure (continued)

Directors' compensation

The Group's key management personnel in 2022 and 2021 included non−executive Directors of GGU, executive Chairman of the Supervisory Board of GWP and members of executive management board of GWP. Compensation paid to key executive management personnel (including the executive Chairman of the Supervisory Board and 6 members of executive management board of GWP) for their services in full time executive management positions is made up of salary, employee share−based compensations and performance bonuses depending on financial performance of GWP. Total compensation paid to key management for the years ended 31 December 2022 and 2021 is as follows:

	2022	***2021***
Salaries and benefits	2,787	2,461
Bonuses	2,380	3,443
Employee share−based compensation	1,306	4,344
Termination−related cash−based employee compensation (Note 25)	−	1,530
Total management compensation	**6,473**	**11,778**

7. Significant accounting judgements and estimates

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (other than those related to determination of functional currency (Note 3) and presentation of the renewable business results as discontinued operation (Note 5)) and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Fair value of investment property

The Group measures fair value of its investment properties at the end of each reporting period with involvement of external valuation expert. Real estate market in Georgia is relatively illiquid and valuations therefore require judgments about significant unobservable valuation inputs to be exercised. As at 31 December 2022, fair values of investment properties amounted to GEL 7,368 (2021: GEL 7,382) (Note 9).

Impairment of property, plant and equipment

The management of the Group considered facts and circumstances existing as at 31 December 2022 in assessment of whether impairment (or reversal of previously recognized impairment) of water supply and wastewater collection services segment assets was required as at 31 December 2022 and concluded that no impairment indicators existed. The key consideration and assumption of the management in making that assessment was that water supply tariff model in Georgia is designed in a way to provide the investor with predetermined return on regulatory asset base and operating expenditures, and is, as such, not sensitive, in the long term, to the fluctuations in water supply volumes and operating costs. According to the regulatory tariff−setting methodology, fluctuations in the water sales volumes and allowed operating and capital expenditures budgeted by the regulator in the current tariff period (being 2021−2023), will be incorporated to the tariff in the next, 2024−2026 period together with respective time value of money component. Regulatory rate of return is also adjusted following change in market interest rates, therefore mitigating the impact of the significant increase in market interest rates observed over 2022. Accordingly, the management concluded that no impairment or recovery indicators existed as at 31 December 2022.

In assessment of recoverable amount of water supply and wastewater collection services cash generating unit assets, and in subsequent assessment of whether indicators of impairment or recovery of previously recognized impairment exist, significant judgment is required in determination of appropriate discount rate and assessment of its subsequent changes, developing expectations in relation to water supply tariffs to be applied in subsequent periods (including assumptions about particular capital and operating expenditures eligible for incorporation to the tariff base, and regulatory weighted average cost of capital), expected water supply volumes and forecasted operating expenditures and maintenance capital expenditures, and other relevant impairment or recovery indicators (Note 2, Note 9).

(Amounts expressed in thousands of Georgian Lari)

7. Significant accounting judgements and estimates (continued)

Useful lives of property, plant and equipment

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

Expected credit losses in respect of trade and other receivables

The Group applied the simplified approach for estimation of expected credit losses on trade receivables. The expected credit losses for accounts receivable is based on the Group's assessment of the collectability of specific customer accounts. 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.

For the purposes of a collective evaluation of ECLs accounts receivable are grouped on the basis of revenue classes, overdue days and active/passive status per each counterparty. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

At each reporting date, the historical observed default rates are updated and changes in the forward−looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and, in rare cases, of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future (Note 2, Note 12).

The amount of ECLs recognized in respect of trade and other receivables amounted to GEL 40,464 as of 31 December 2022 (2021: GEL 35,183) (Note 12).

8. Segment information

Following divestment of Energy Business (Note 5), management organized the Group into the following two operating segments based on products sold and services rendered:

Electric power generation and sales

The segment owns hydroelectric and wind power stations that generate electric power for own consumption and for sale to external customers.

Water supply and wastewater collection services

The segment provides water supply and wastewater collection services which is the core activity of the Group.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained below, is measured according to IFRS standards in the same manner as profit or loss in the consolidated financial statements, except in relation to discontinued operations which are excluded from segment performance measurement for 2022 and 2021.

Transactions between segments are accounted for at actual transaction prices.

The Group's operations are concentrated in Georgia. All non−current assets of the Group are located in Georgia.

(Amounts expressed in thousands of Georgian Lari)

8. Segment information (continued)

The following table present financial results of the Group's operating segments for the year ended 31 December 2022:

	GGU Water			*GGU Energy*		
	Electric power generation and sales	***Water supply and wastewater collection services***	***Intersegment transactions***	***Electric power generation and sales***	***Eliminations***	***Total***
Revenue from water supply and related services	–	184,870	–	–	–	**184,870**
Revenue from electric power sales[1]	28,726	–	(4,835)	–	–	**23,891**
Other revenue	–	1,254	–	–	–	**1,254**
Total revenue	**28,726**	**186,124**	**(4,835)**	**–**	**–**	**210,015**
Electricity and transmission costs	(107)	(28,809)	4,835	–	–	**(24,081)**
Cost of electric power sales	(1,285)	–	–	–	1,285	**(0)**
Salaries and other employee benefits	(1,494)	(19,535)	–	–	–	**(21,029)**
Allowance for expected credit losses	–	(6,716)	–	–	–	**(6,716)**
Taxes other than income tax	(269)	(6,900)	–	–	–	**(7,169)**
General and administrative expenses	(305)	(3,901)	–	–	–	**(4,206)**
Professional fees	(257)	(2,712)	–	–	–	**(2,969)**
Raw materials, fuel and other consumables	(140)	(3,516)	–	–	–	**(3,656)**
Maintenance expenditure	(11)	(2,084)	–	–	–	**(2,095)**
Charge for provisions and legal claims related expenses	(57)	(680)	–	–	–	**(737)**
Other operating expenses	(4,484)	(2,031)	–	–	–	**(6,515)**
Other income	11	1,346	–	–	–	**1,357**
EBITDA	**20,328**	**110,586**	**–**	**–**	**1,285**	**132,199**
Finance income	434	4,057	–	–	–	**4,491**
Finance costs	(1,470)	(36,668)	–	–	–	**(38,138)**
Net foreign exchange gains/(losses)	2,403	55,470	–	–	–	**57,873**
Depreciation and amortization	(2,072)	(35,677)	–	–	–	**(37,749)**
Non−recurring income/(expenses), net	–	1,009	–	–	–	**1,009**
Profit before income tax expense	**19,623**	**98,777**	**–**	**–**	**1,285**	**119,685**
Income tax expense	–	–	–	–	–	**–**
Profit for the period	**19,623**	**98,777**	**–**	**–**	**1,285**	**119,685**
Profit/(loss) after tax for the year from discontinued operations	–	–	–	(1,993)	–	(1,993)
Profit/(loss) for the year	**19,623**	**98,777**	**–**	**(1,993)**	**1,285**	**117,692**

1 46% of total revenue from electric power sales is generated from one customer.

(Amounts expressed in thousands of Georgian Lari)

8. Segment information (continued)

The following table present financial results of the Group's operating segments for the year ended 31 December 2021:

	GGU Water			*GGU Energy*		
	Electric power generation and sales	***Water supply and wastewater collection services***	***Intersegment transactions***	***Electric power generation and sales***	***Eliminations***	***Total***
Revenue from water supply and related services	–	172,322	–	–	–	**172,322**
Revenue from electric power sales[1]	31,570	–	(4,905)	–	–	**26,665**
Business interruption reimbursement	–	–	–	–	–	**–**
Other revenue	–	2,443	–	–	–	**2,443**
Total revenue	**31,570**	**174,765**	**(4,905)**	**–**	**–**	**201,430**
Electricity and transmission costs	(125)	(28,502)	4,905	–	931	**(22,791)**
Cost of electric power sales	(6,408)	0	–	–	6,408	**–**
Salaries and other employee benefits	(2,186)	(19,650)	–	–	–	**(21,836)**
Allowance for expected credit losses	–	(6,089)	–	–	–	**(6,089)**
Taxes other than income tax	(287)	(6,207)	–	–	–	**(6,494)**
General and administrative expenses	(254)	(3,040)	–	–	–	**(3,294)**
Professional fees	(98)	(1,747)	–	–	–	**(1,845)**
Raw materials, fuel and other consumables	(94)	(2,846)	–	–	–	**(2,940)**
Maintenance expenditure	(10)	(1,809)	–	–	–	**(1,819)**
Charge for provisions and legal claims related expenses	–	(388)	–	–	–	**(388)**
Other operating expenses	(1,621)	(4,173)	–	–	–	**(5,794)**
Gain from sale of non−core assets	–	4,151	–	–	–	**4,151**
Other income	20	3,177	–	–	–	**3,197**
EBITDA	**20,507**	**107,642**	**–**	**–**	**7,339**	**135,488**
Finance income	395	2,749	–	–	–	**3,144**
Finance costs	(2,931)	(35,939)	–	–	–	**(38,870)**
Net foreign exchange gains/(losses)	1,792	23,791	–	–	–	**25,553**
Depreciation and amortization	(2,782)	(33,819)	–	–	–	**(36,601)**
Impairment of Property Plant and Equipment	–	–	–	–	–	**–**
Reassessment of estimates related to Eurobonds refinancing	–	(33,139)	–	–	–	**(33,139)**
Non−recurring income/(expenses), net)	(232)	(15,493)	–	–	–	**(15,725)**
Profit before income tax expense	**16,749**	**15,792**	**–**	**–**	**7,339**	**39,880**
Income tax expense	–	–	–	–	–	**–**
Profit for the period	**16,749**	**15,792**	**–**	**–**	**7,339**	**39,880**
Profit/(loss) after tax for the year from discontinued operations	–	–	–	(51,078)	–	(51,078)
Profit/(loss) for the year	**16,749**	**15,792**	**–**	**(51,078)**	**7,339**	**(11,198)**

[2] 52% of total revenue from electric power sales is generated from one customer.

The majority of revenue and cost elements were directly attributed to the relevant segments. The allocation principles and methods used by the management for revenue and costs elements, which cannot be directly attributed to the relevant operating segments, were:

- **Revenue** – for the purposes of segment disclosure, revenue from the internally consumed electricity (generated by Zhinvali HPP and Tetrikhevi HPP) was recorded at a regulated tariff set by the GNERC (Decree No. 82, dated 29 December 2020) which was applicable for 2022 and 2021.
- **Salaries and benefits** – The costs of salaries and other benefits except that of administrative staff were attributed directly to the appropriate segments based on actual expenditure. Salaries and benefits of the administrative staff were allocated proportionally based on the number of employees in each operating segment.
- **Interest income and finance costs** were allocated according to the amount of borrowings received by each segment.

(Amounts expressed in thousands of Georgian Lari)

9. Property, plant and equipment

The movements in property, plant and equipment in 2022 were as follows:

	Land plots	*Real estate*	*Water Infrastructure assets*	*Energy Infrastructure assets*	*Vehicles*	*Fixtures and fittings*	*CIP*	*Total*	*Out of which Water*	*Out of which Energy*
Gross carrying amount 31 December 2021	**7,826**	**40,419**	**775,848**	**404,975**	**33,711**	**11,684**	**27,461**	**1,301,924**	**937,210**	**364,714**
−out of which Water	6,571	40,419	775,848	48,185	32,888	10,303	22,996	**937,210**	937,210	–
−out of which Energy	1,255	–	–	356,790	823	1,381	4,465	**364,714**	–	364,714
Additions	–	10	18,418	60	230	94	88,344	**107,156**	105,148	2,008
−out of which Water	–	–	18,418	14	111	82	86,523	**105,148**	105,148	–
−out of which Energy	–	10	–	46	119	12	1,821	**2,008**	–	2,008
Disposals	–	(81)	(230)	(39,007)	(1,496)	(19)	(86)	**(40,919)**	(1,899)	(39,020)
−out of which Water	–	(81)	(230)	(41)	(1,471)	(19)	(57)	**(1,899)**	(1,899)	–
−out of which Energy	–	–	–	(38,966)	(25)	–	(29)	**(39,020)**	–	(39,020)
Transfers	462	948	66,935	1,600	4,053	669	(74,667)	**–**	–	–
Currency translation	(106)	(6,332)	–	(22,448)	(75)	(117)	(461)	**(29,539)**	–	(29,539)
Distribution of energy business to the shareholders	(1,149)	6,323	–	(295,379)	(842)	(1,277)	(5,858)	**(298,182)**	–	(298,182)
31 December 2022	**7,033**	**41,287**	**860,971**	**49,801**	**35,581**	**11,034**	**34,733**	**1,040,440**	**1,040,440**	**–**
−out of which Water	7,033	41,287	860,971	49,801	35,581	11,034	34,733	**1,040,440**	1,040,440	–
−out of which Energy	–	–	–	–	–	–	–	**–**	–	–
Accumulated depreciation and impairment										
31 December 2021	**352**	**10,390**	**275,544**	**80,702**	**15,782**	**6,582**	**914**	**390,266**	**326,173**	**64,093**
−out of which Water	352	10,390	275,544	17,475	15,721	6,469	222	**326,173**	326,173	–
−out of which Energy	–	–	–	63,227	61	113	692	**64,093**	–	64,093
Depreciation charge	–	2,380	29,013	8,572	2,969	1,035	–	**43,969**	35,899	8,070
−out of which Water	–	681	29,075	2,189	2,950	1,004	–	**35,899**	35,899	–
−out of which Energy	–	1,699	(62)	6,383	19	31	–	**8,070**	–	8,070
Disposals	–	(48)	(198)	(23)	(936)	(13)	–	**(1,218)**	(1,218)	–
−out of which Water	–	(48)	(198)	(23)	(936)	(13)	–	**(1,218)**	(1,218)	–
−out of which Energy	–	–	–	–	–	–	–	**–**	–	–
Impairment	–	–	–	(36,305)	–	–	–	**(36,305)**	–	(36,305)
Transfers	–	31	192	–	–	–	(223)	**–**	–	–
Currency translation	–	(622)	–	(4,293)	–	–	–	**(4,916)**	–	(4,916)
Distribution of energy business to the shareholders	–	(1,077)	60	(29,012)	(80)	(144)	(691)	**(30,943)**	–	(30,943)
31 December 2022	**352**	**11,054**	**304,611**	**19,641**	**17,735**	**7,460**	**–**	**360,853**	360,853	–
−out of which Water	352	11,054	304,611	19,641	17,735	7,460	–	**360,853**	360,853	–
−out of which Energy	–	–	–	–	–	–	–	**–**	–	–
Net book value										
31 December 2021	**7,474**	**30,029**	**500,304**	**324,273**	**17,929**	**5,102**	**26,547**	**911,658**	**611,037**	**300,621**
−out of which Water	6,219	30,029	500,304	30,710	17,167	3,834	22,774	**611,037**	611,037	–
−out of which Energy	1,255	–	–	293,563	762	1,268	3,773	**300,621**	–	300,621
31 December 2022	**6,681**	**30,233**	**556,360**	**30,160**	**17,846**	**3,574**	**34,733**	**679,587**	**679,587**	**–**
−out of which Water	6,681	30,233	556,360	30,160	17,846	3,574	34,733	**679,587**	679,587	–
−out of which Energy	–	–	–	–	–	–	–	**–**	–	–

(Amounts expressed in thousands of Georgian Lari)

9. Property, plant and equipment (continued)

The movements in property, plant and equipment in 2021 were as follows:

	Land plots	*Real estate*	*Water Infrastructure assets*	*Energy Infrastructure assets*	*Vehicles*	*Fixtures and fittings*	*CIP*	*Total*	*Out of which Water*	*Out of which Energy*
Gross carrying amount 31 December 2020	**7,003**	**35,896**	**697,937**	**423,157**	**32,411**	**10,840**	**28,032**	**1,235,276**	**854,534**	**380,742**
−out of which Water	5,664	35,896	697,937	47,117	31,572	9,424	26,924	**854,534**	854,534	−
−out of which Energy	1,339	−	−	376,040	839	1,416	1,108	**380,742**	−	380,742
Additions	−	−	16,013	3,428	135	90	71,650	**91,316**	84,279	7,037
−out of which Water	−	−	16,013	3	88	90	68,085	**84,279**	84,279	−
−out of which Energy	−	−	−	3,425	47	−	3,565	**7,037**	−	7,037
Disposals	(19)	(414)	(479)	(2,043)	(613)	(25)	(84)	**(3,677)**	(1,639)	(2,038)
−out of which Water	(19)	(414)	(479)	(5)	(613)	(25)	(84)	**(1,639)**	(1,639)	−
−out of which Energy	−	−	−	(2,038)	−	−	−	**(2,038)**	−	(2,038)
Transfers	926	4,937	62,377	1,022	1,823	820	(71,905)	**−**	−	−
Currency translation	(84)	−	−	(20,589)	(45)	(41)	(232)	**(20,991)**	−	(20,991)
31 December 2021	**7,826**	**40,419**	**775,848**	**404,975**	**33,711**	**11,684**	**27,461**	**1,301,924**	**937,210**	**364,714**
−out of which Water	6,571	40,419	775,848	48,185	32,888	10,303	22,996	**937,210**	937,210	−
−out of which Energy	1,255	−	−	356,790	823	1,381	4,465	**364,714**	−	364,714
Accumulated depreciation and impairment										
31 December 2020	**378**	**9,982**	**246,407**	**30,851**	**13,409**	**5,623**	**1,572**	**308,222**	**291,844**	**16,378**
−out of which Water	378	9,982	246,407	15,360	13,371	5,523	823	**291,844**	291,844	−
−out of which Energy	−	−	−	15,491	38	100	749	**16,378**	−	16,378
Depreciation charge	−	639	28,646	14,595	2,794	1,018	−	**47,692**	35,144	12,548
−out of which Water	−	639	28,646	2,117	2,762	980	−	**35,144**	35,144	−
−out of which Energy	−	−	−	12,478	32	38	−	**12,548**	−	12,548
Disposals	(1)	(170)	(298)	4	(351)	(18)	−	**(834)**	(834)	−
−out of which Water	(1)	(170)	(298)	(2)	(345)	(18)	−	**(834)**	(834)	−
−out of which Energy	−	−	−	6	(6)	−	−	**−**	−	−
Impairment	−	−	−	36,595	−	−	−	**36,595**	−	36,595
Transfers	(25)	(61)	789		(67)	(35)	(601)	**−**	−	−
Currency translation				(1,343)	(3)	(6)	(57)	**(1,409)**	−	(1,409)
31 December 2021	**352**	**10,390**	**275,544**	**80,702**	**15,782**	**6,582**	**914**	**390,266**	**326,173**	**64,093**
−out of which Water	352	10,390	275,544	17,475	15,721	6,469	222	**326,173**	326,173	−
−out of which Energy	−	−	−	63,227	61	113	692	**64,093**	−	64,093
Net book value										
31 December 2020	**6,625**	**25,914**	**451,530**	**392,306**	**19,002**	**5,217**	**26,460**	**927,054**	**562,690**	**364,364**
−out of which Water	5,286	25,914	451,530	31,757	18,201	3,901	26,101	**562,690**	562,690	−
−out of which Energy	1,339	−	−	360,549	801	1,316	359	**364,364**	−	364,364
31 December 2021	**7,474**	**30,029**	**500,304**	**324,273**	**17,929**	**5,102**	**26,547**	**911,658**	**611,037**	**300,621**
−out of which Water	6,219	30,029	500,304	30,710	17,167	3,834	22,774	**611,037**	611,037	−
−out of which Energy	1,255	−	−	293,563	762	1,268	3,773	**300,621**	−	300,621

As at 31 December 2022 and 2021, the Group has no property, plant and equipment pledged as collateral for its borrowings.

(Amounts expressed in thousands of Georgian Lari)

10. Investment property

	Land	*Buildings*	*Total*
As at 31 December 2020	**8,428**	**1,326**	**9,754**
Disposals[1]	(2,907)	(723)	**(3,630)**
Net gain from fair value remeasurement	1,317	(59)	**1,258**
As at 31 December 2021	**6,838**	**544**	**7,382**
Net gain from fair value remeasurement	(161)	147	**(14)**
As at 31 December 2022	**6,677**	**691**	**7,368**

[1] In 2021, the Group sold several non−core buildings and lands included in Investment Property with net loss GEL 441.

Fair value measurement

Investment properties are stated at fair value. The date of the latest valuation performed by an independent appraiser is 15 November 2022, the valuation methods used are in accordance with those recommended by the International Valuation Standards Committee, consistent with IFRS 13, *Fair Value Measurement*, and applied on a consistent basis.

Valuation method used for majority of investment property represents the market approach. Certain properties were appraised applying income approach by the independent valuator. The Group uses several properties in a manner that differs from its highest and best use, because Group intends to sell them and not make capital expenditures on projects that may differ from the Groups principal business activities, which are regulated by GNERC.

Market approach

This method is based on the direct comparison of the subject property to another property, which has been sold or has been entered to the sale registry. Adjustments to value are determined mainly based on the following considerations: (1) physical condition, (2) location, (3) highest and the best use, and (4) property liens.

The valuation technique and inputs used in the fair value measurement of the investment property attributed to Level 3 in the fair value hierarchy. The elated sensitivity to reasonably possible changes in inputs are as follows:

Class of investment property	*Fair value as at 31 December 2022*	*Valuation technique*	*Significant unobservable inputs used*	*Value of input / range / weighted average*
Land plots	6,677	Income approach Market approach	Discount rate, Price per square meter, Rent price per square meter	12.2%; 0.0092-0.944 (0.047); 0.311
Buildings	691	Market approach	Price per square meter	0.220-1.314 (0.338)
Total investment property	**7,368**			

Class of investment property	*Fair value as at 31 December 2021*	*Valuation technique*	*Significant unobservable inputs used*	*Value of input / range / weighted average*
Land plots	6,838	Income approach Market approach	Discount rate, Price per square meter, Rent price per square meter	12.4%; 0.016-1.068 (0.048); 0.328
Buildings	544	Market approach	Price per square meter	0.210-0.904 (0.26)
Total investment property	**7,382**			

The increase or decrease in the price per square meter would result in increase or decrease, respectively, of the fair value of investment property.

The increase or decrease in the discount rate would result in decrease or increase, respectively, of the fair value of investment property.

(Amounts expressed in thousands of Georgian Lari)

11. Other assets

As at 31 December 2021 other current assets of GEL 2,594 comprise GCAP's shares purchased by the Group for the purpose of settlement of its share−based compensation scheme (Note 24). The shares are classified at fair value through profit or loss.

	31 December 2022	*31 December 2021*
Intangible assets	2,118	3,782
Prepayments for non−current assets	5,543	1,491
Other non−current assets	−	763
Total other non−current assets	**7,661**	**6,036**

Historical cost of intangible assets and accumulated amortisation and impairment as at 31 December 2022 amounted to GEL 11,040 and GEL 8,922, respectively (31 December 2021: GEL 11,155 and GEL 7,373).

Intangible assets amortisation charge, including software licenses, was GEL 1,664 in 2022 (2021: GEL 1,212).

12. Trade and other receivables

	31 December 2022	*31 December 2021*	*31 December 2021*	*31 December 2021*
	Water	*Water*	*Energy*	*Total*
Non−current				
Trade receivables for water supply services from general population	130	121	−	121
	130	**121**	**−**	**121**
Less allowance for expected credit losses	(40)	(38)	−	(38)
Total restructured trade receivables, net	**90**	**83**	**−**	**83**
Current				
Trade receivables for water supply services from general population	32,229	28,069	−	28,069
Trade receivables for water supply services from legal entities	22,016	19,671	−	19,671
Trade receivables for installation of water meters	176	325	−	325
Trade receivables for connection service	3,589	3,756	−	3,756
Trade receivables for electric power sales	75	1,510	2,366	3,876
	58,085	**53,331**	**2,366**	**55,697**
Less allowance for expected credit losses	(39,492)	(33,829)	−	(33,829)
Total current trade receivables, net	**18,593**	**19,502**	**2,366**	**21,868**
Other receivables	3,788	5,373	−	5,373
Less allowance for expected credit losses	(932)	(1,316)	−	(1,316)
Total other receivables, net	**2,856**	**4,057**	**−**	**4,057**
Total current trade and other receivables, net	**21,449**	**23,559**	**2,366**	**25,925**

Other receivables mainly relate to the income that is not in scope of IFRS 15, *Revenue from Contracts with Customers*, including GEL 906 (2021: GEL 941) of penalties on illegal connections, and in 2021 additionally GEL 1,301 related to sale of non−core assets to third parties.

In 2022, Other receivables of GEL 2,003 (2021: GEL 1,803) are related to management services provided to the entities under common control by Georgia Capital JSC and is in scope of IFRS 15 *Revenue from Contracts with Customers*.

The carrying amounts of the Group's trade and other receivables approximate their fair values and are denominated in GEL.

The Group has no internal credit grading system to evaluate credit quality of its trade and other receivables and assesses credit risk based on days past due information.

(Amounts expressed in thousands of Georgian Lari)

12. Trade and other receivables (continued)

Aging analysis of trade and other receivables per classes as at 31 December 2022 is as follows:

31 December 2022	*Current*	*Less than 30 days*	*30 to 60 days*	*61 to 90 days*	*Over 91 days*	*Total*
Expected credit loss rate	0.00%	1.27%	22.03%	39.03%	96.47%	**65.26%**
Carrying amount at default	5,189	14,276	522	638	41,378	**62,003**
Expected credit loss	–	182	115	249	39,918	**40,464**

Aging analysis of trade and other receivables per classes as at 31 December 2021 is as follows:

31 December 2021	*Current*	*Less than 30 days*	*30 to 60 days*	*61 to 90 days*	*Over 91 days*	*Total*
Expected credit loss rate	0.00%	1.76%	30.11%	39.96%	96.06%	**57.50%**
Carrying amount at default	5,740	18,228	890	548	35,785	61,191
Expected credit loss	–	320	268	219	34,376	35,183

The movements in the ECL allowance for the trade and other receivables are as follows:

	Non−current trade and other receivables	*Current trade and other receivables*	*Total*
31 December 2020	**126**	**30,330**	**30,456**
Allowance for expected credit losses	(88)	6,177	**6,089**
Bad debts written off	–	(1,362)	**(1,362)**
31 December 2021	**38**	**35,145**	**35,183**
Allowance for expected credit losses	1	6,715	**6,716**
Bad debts written off	–	(1,435)	**(1,435)**
31 December 2022	**39**	**40,425**	**40,464**

In 2022 and 2021 the Group wrote−off certain aged receivables arisen more than three years ago. Bad debt write−offs were conditioned by amendments of a decree regarding potable water supply and consumption issued by GNERC, pursuant to which customers were exempted from obligation to pay amounts older than three years. Written−off receivables have been previously fully provided for.

13. Equity

Share capital

Following change in controlling shareholder (Note 1), the Company's charter was amended to introduce several classes of ordinary shares: class A (55,032,421 as at 31 December 2022), class B (16,933,053 as at 31 December 2022), and class C (12,699,789 as at 31 December 2022, fully acquired by the Group and held in treasury). The terms of the Company's charter and shareholder agreement provide for equal dividend rights for class A and class B shareholders, while also establishing voting protocols on certain matters for class A and class B shareholders. Class C shares, while in issue, provided the holders with governance rights and economic benefit exposure towards Energy Business; class C shares were fully reacquired by the Group in connection with Energy Business demerger (Note 5).

	Number of ordinary shares	*Nominal amounts*
31 December 2020	**104,665,263**	**104,666**
Reduction of share capital	(20,000,000)	(20,000)
31 December 2021	**84,665,263**	**84,666**
31 December 2022	**84,665,263**	**84,666**

As at 31 December 2022, the Company's shareholders were Aqualia Georgia LLC and Georgia Capital JSC which hold GEL 55,032 and GEL 13,758, respectively, while treasury shares of GEL 15,875 were presented separately in the consolidated statement of financial position and consolidated statement of changes in equity.

Treasury shares

In connection with distribution of Energy segment subsidiaries to shareholder, the Group has repurchased its own shares of GEL 15,875 (3,174,948 B class shares and 12,699,789 C class shares).

(Amounts expressed in thousands of Georgian Lari)

13. Equity (continued)

Dividends

In 2022 and 2021, no dividends were declared and paid.

Additional paid−in capital

Additional paid−in capital reflects the value of equity−settled share−based payments provided to employees, including key management personnel, as part of their remuneration (Note 25).

Other reserves

Other reserves reflect the transfers of cash to the Immediate Parent for the GCAP's shares granted to the employees of the Group (Note 25) and unrealised gains/(losses) from transactions with owners of non−controlling interests in existing subsidiaries, and foreign currency translation reserve.

Revaluation reserve

Revaluation reserve reflect amount of revaluation reserve of property, plant and equipment revalued at the point of transfer to investment property.

Change in presentation

Additional paid−in capital and other reserves amount does not correspond to the 2021 financial statement as management of the Group changed its presentation and combined together amounts of additional paid in capital and other reserves.

Management of capital

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain sufficient size to make the operation of the Group cost−efficient.

To achieve these goals the Group performs a detailed analysis of capital structure considering the cost of borrowed funds and level of own capital available. The Group defines capital for capital management purposes as equity and borrowings and bonds issued recognized in the consolidated financial statements. There are no externally imposed capital requirements to which the Group is subject to. Equity as at 31 December 2022 and 2021 was GEL 240,577 and GEL 159,823, respectively. Borrowings and bonds issued as at 31 December 2022 and 2021 were GEL 449,210 and 832,956, respectively.

There were no changes in the objectives, policies or processes for managing capital in 2022 and 2021.

14. Borrowings and bonds issued

	31 December 2022		*31 December 2021*	
	Current liabilities	***Non−current liabilities***	***Current liabilities***	***Non−current liabilities***
Loans from the Parent	2,987	443,292	−	−
Eurobonds issued	−	−	25,007	801,716
Loans from Georgian financial institutions	43	2,888	48	3,481
Loans from entities under common control	−	−	109	2,136
Other loans	−	−	25	434
Total borrowings and bonds issued	**3,030**	**446,180**	**25,189**	**807,767**
- *Out of which Water*	3,030	446,180	15,509	510,119
- *Out of which Energy*	−	−	9,680	297,648

On 23 July 2020, the Company issued US Dollar 250 million green bonds. The senior unsecured USD-denominated 7.75% green notes, with a 5-year non-call 2-year bullet maturity ("Eurobonds"), were settled on 30 July 2020. Eurobonds were issued and sold at par value. Eurobonds were listed on the Global Exchange Market of the Irish Stock Exchange and rated B+ (RWE) by Fitch and B (stable) by S&P. The proceeds of Eurobonds were used to refinance major existing loan arrangements of the Group and to finance capital expenditures in the water supply and wastewater collection services.

(Amounts expressed in thousands of Georgian Lari)

14. Borrowings and bonds issued (continued)

On 7 September 2022, the Group has redeemed its Eurobonds issued with carrying value amounting to GEL 826,723 (USD 266,891) as at 31 December 2021. The redemption was carried out at the price of 103.875%, plus accrued and unpaid interest in accordance with terms and conditions of the Notes, and the total redemption amount was GEL 741,764 (USD 255,463). In September 2022, the Group obtained borrowings from its shareholders (FCC Aqualia S.A. and Georgia Capital JSC) of GEL 476,628 (USD 164,100) and GEL 261,324 (USD 90,000), respectively, for the purposes of the Eurobonds settlement.

As of 31 December 2022, the Group has USD-denominated loan from the Parent of GEL 446,279 at fixed interest rate of 7.35% that matures on 31 August 2024. As of 31 December 2022, other borrowings comprise of EUR denominated loans from Georgian banks of GEL 239 (2021: GEL 317) and USD denominated loans of GEL 2,692 (2021: GEL 5,916).

At 31 December 2022 and 2021, the Group does not have any undrawn borrowing facilities.

In 2022, the Group incurred borrowings costs of GEL 56,000 (2021: GEL 64,686) of which GEL 279 has been capitalized to property, plant and equipment (2021: GEL 1,328).

Changes in liabilities arising from financial activities

	Borrowings	*Loan from Parent*	*Eurobonds issued*	*Loans from Georgia Capital*	*Lease liabilities*	*Total*
Carrying amount at 31 December 2020	**544**	**–**	**833,019**	**–**	**1,641**	**835,204**
Foreign currency translation	(465)	–	(46,264)	–	–	**(46,729)**
Cash proceeds	6,046	–	1,399	–	–	**7,445**
Cash repayments	(23)	–	–	–	(454)	**(477)**
Interest accrued	298	–	63,060	–	202	**63,560**
Interest paid (classified as financing cash outflows)	(18)	–	(61,898)	–	(202)	**(62,118)**
Reassessment of estimates related to Eurobonds refinancing	–	–	35,904	–	–	**35,904**
Other	(149)	–	1,503	–	485	**1,839**
Carrying amount at 31 December 2021	**6,233**	–	**826,723**	–	**1,672**	**834,628**
Foreign exchange gain	(755)	(33,459)	(52,238)	–	(125)	(86,577)
Foreign currency translation	–	–	–	(6,366)	–	(6,366)
Cash proceeds	864	476,628	–	261,324	–	738,816
Cash repayments	(135)	–	(726,658)	–	(281)	(727,074)
Interest accrued	318	11,298	42,451	1,403	251	55,721
Interest paid	(211)	(8,188)	(62,089)	–	(54)	(70542)
Commission paid for loan prepayment	–	–	(27,461)	–	–	(27,461)
Gain on extinguishment of financial liabilities	–	–	(1,009)	–	–	(1,009)
Other	20	–	281	–	222	523
Disposal of Energy Segment subsidiaries (Note 5)	(3,403)	–	–	(256,361)	(1,341)	(261,105)
Carrying amount at 31 December 2022	**2,931**	**446,279**	**–**	**–**	**344**	**449,554**

(Amounts expressed in thousands of Georgian Lari)

15. Contract assets and liabilities

The Group recognised GEL 241,804 of revenue from contracts with customers in 2022 (2021: GEL 236,721), including revenue attributable to discontinued operations (Note 5). The disaggregation of revenue from contracts with customers by types are presented in the consolidated statement of comprehensive income for 2022 and in Notes 17 and 18 and additionally revenue from management services provided to the entities under common control included in Other revenue in 2021.

Contract balances

The Group recognised the following revenue−related contract balances:

	31 December 2022	*31 December 2021*
Receivables		
Trade receivables	18,683	21,951
Total	**18,683**	**21,951**
Contract liabilities		
Advances received	16,275	16,005
Deferred revenue	35,292	32,419
Total	**51,567**	**48,424**

The Group recognised GEL 5,545 of revenue that relates to carried−forward contract liabilities in 2022 (2021: GEL 5,201).

Change in advances received in 2022 was mostly caused by cash receipts from electric power sales. Change in trade receivable mostly relate to increase in water sales volumes as offset against ECL charges.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date and deferred as of 31 December 2022:

	In 2023	*In 2024*	*In 2025*	*In 3 to 5 years*	*In 5 to 10 years*	*Total*
Revenue expected to be recognized on contracts with customers	5,514	5,211	4,891	8,630	11,046	**35,292**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date and deferred as at 31 December 2021:

	In 2022	*In 2022*	*In 2023*	*In 3 to 5 years*	*In 5 to 10 years*	*Total*
Revenue expected to be recognized on contracts with customers	5,545	4,682	4,353	7,596	10,243	**32,419**

The Group applies practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected duration of 1 year or less.

16. Trade and other payables

	31 December 2022			*31 December 2021*		
	Water	*Energy*	*Total*	*Water*	*Energy*	*Total*
Trade payables	5,909	−	**5,909**	5,124	941	**6,065**
Payables for non−current assets	3,934	−	**3,934**	4,290	−	**4,290**
Payables to employees	4,471	−	**4,471**	5,619	−	**5,619**
Other payables	313	−	**313**	379	33	**412**
Total trade and other payables	**14,627**	**−**	**14,627**	**15,412**	**974**	**16,386**

Trade and other payables are non−interest bearing and are normally settled within 60 days.

(Amounts expressed in thousands of Georgian Lari)

17. Revenue from water supply and related services

	2022	*2021 as reclassified*
Revenue from water supply to legal entities	129,859	117,814
Revenue from water supply to general population	49,211	48,836
Total revenue from water supply before charges for related services	**179,070**	**166,650**
Charges for connection service	5,237	4,671
Charges for installation of water meters	563	1,001
Total revenue from water supply and related services	**184,870**	**172,322**

18. Revenue from electric power sales

	2022	*2021 as reclassified*
Revenue from electric power sales to commercial customers	23,084	25,880
Revenue from electric power sales to ESCO	807	785
Total revenue from electric power sales	**23,891**	**26,665**

19. Salaries and other employee benefits

	2022	*2021 as reclassified*
Salaries	18,169	17,120
Bonuses	2,833	3,659
Employee share−based compensation	27	1,057
Total salaries and benefits	**21,029**	**21,836**

20. General and administrative expenses

	2022	*2021 as reclassified*
Security expenses	1,440	1,463
Utility expenses	970	907
Communication expenses	516	455
Office expenses	776	351
Advertising expenses	149	105
Representation expenses	200	13
Business trip expenses	155	–
Total general and administrative expenses	**4,206**	**3,294**

21. Professional fees

	2022	*2021 as reclassified*
Consulting expenses	1,561	1,636
Legal and other professional fees	1,408	209
Total professional fees	**2,969**	**1,845**

(Amounts expressed in thousands of Georgian Lari)

21. Professional fees (continued)

Auditor's remuneration

Remuneration of Group's auditor for the years ended 31 December 2022 and 2021 comprises (net of VAT):

	2022	*2021*
Fees for the audit of the Company's annual financial statements for the year ended 31 December	259	397
Fees for the audit of the Company's interim financial statements for the six months ended 30 June	72	120
Fees for the audit of the subsidiaries' financial statements for the year ended 31 December	251	236
Total auditor's remuneration	**582**	**753**

22. Other income

	2022	*2021 as reclassified*
Penalty income on illegal connection services	535	254
Derecognition of unclaimed advances received and trade payables	342	539
Net gain from revaluation of investment property	–	1,258
Net share-based remeasurement income	–	346
Net gain from sale of inventories	–	331
Other income	480	469
Total other income	**1,357**	**3,197**

23. Other operating expenses

	2022	*2021 as reclassified*
Insurance expense	2,556	2,186
Bill processing expenses	1,487	1,472
Compensation for damage	421	600
Fines and penalties	565	533
Regulation fee	501	399
Rent expenses	369	162
Net loss from disposal of property, plant and equipment	276	204
Other expenses	340	238
Total other operating expenses	**6,515**	**5,794**

24. Finance costs

	2022	*2021 as reclassified*
Interest expense on borrowings	38,014	38,771
Bank fees and charges	73	58
Interest expense on lease liabilities	51	41
Total finance costs	**38,138**	**38,870**

(Amounts expressed in thousands of Georgian Lari)

25. Share−based payments

Prior to change in controlling shareholder to Aqualia (Note 1), the Group provided share-based awards to its management settled in shares of its ultimate parent, Georgia Capital plc, or in the phantom shares of the immediate parent, Georgia Global Utilities JSC. The Group accounted for these share−based awards as cash-settled.

As at 31 December 2021, the Group recognized GEL 5,579 liability in respect of its share-based awards (presented in other current liabilities in the consolidated statement of financial position), as well as GEL 2,594 shares issued by Georgia Capital plc acquired to satisfy some of the awards (presented in other current assets in the consolidated statement of financial position). The terms of the award provided leads to the immediate vesting in case of change of controlling shareholder, and the Group incorporated the expectation for accelerated vesting in measurement of its share-based expense and liability as at 31 December 2021 and for the year then ended. Accordingly, all outstanding share-based awards were vested in February 2022 following change in controlling shareholder of the Group from Georgia Capital PLC to Aqualia. In respect of extinguishment of the Group's share-based liabilities and related tax charges in 2022, the Group recognized GEL 685 in the statement of changes in equity for the year ended 31 December 2022.

The Group has an obligation to settle cash-settled share-based award granted to employees of an entity under common control. In 2022, the Group recognized GEL 1,306 of share-based charge attributable to those employees directly in consolidated statement of changes in equity.

The share-based charge recognized for employee services received during the year and the respective liability arising from cash-settled share-based payments was as follows:

	2022	*2021*
Liability outstanding in relation to cash-settled share-based payment transactions	–	5,579
Salary expense arising from cash-settled transactions	1,306	153
Non-recurring expenses from cash-settled transactions	–	875

In 2021, cash transfers to the Parent under the equity-settled and cash-settled share-based payment plan was GEL 414, recognized in the consolidated statement of changes in equity.

26. Non−recurring items

	2022	*2021 as reclassified*
Gain from bonds repayment	(1,009)	–
Tax expenses on abnormal water losses (Note 6)	–	11,710
Employee share-based compensation acceleration (Note 24)	–	1,702
Termination-related cash-based employee compensation (a)	–	1,530
Technical due diligence service fee	–	783
Total non−recurring (income) expenses	**(1,009)**	**15,725**

(a) Termination-related cash-based employee compensation are recognized with regards to the constructive obligation existing as at 31 December 2021 to make compensation payment in cash rather than in shares towards the members of the management expected to be terminated upon change of control.

27. Commitments and contingencies

Environmental matters

The enforcement of environmental regulation in Georgia is evolving and the enforcement position of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

(Amounts expressed in thousands of Georgian Lari)

27. Commitments and contingencies (continued)

Taxation

In Georgia, tax returns remain open and subject to inspection for a period of up to three years. If an understatement of a tax liability is detected as a result of an inspection, penalties and fines to be paid might be material in respect of the tax liability misstatement. The Group's management does not expect the outcome of the inspections to have a material impact on the Group's consolidated financial position or results of operations. Management believes that the Group has paid and accrued all taxes that are applicable.

28. Financial instruments

Financial instruments overview

Cash at bank

Cash at bank as at 31 December 2022 and 2021 includes the funds placed on current accounts in Georgian banks. All cash at bank balances are classified as current and not impaired. As at 31 December 2022 and 2021, the Group did not have any significant financial assets that are past due, except for trade and other receivables (Note 12).

Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position as at 31 December 2022 include investment property with fair value of GEL 7,368 (Level 3 of fair value hierarchy) (31 December 2021: GEL 7,382), shares issued by GCAP in other current assets of GEL nill (31 December 2021: GEL 2,594) (Level 1 of fair value hierarchy) in relation to cash−settled share−based payment transactions.

All financial instruments for which fair values are disclosed by the Group as at 31 December 2022 and 2021, are measured at fair value using a valuation technique with market observable and unobservable inputs. There were no changes in valuation techniques for Level 3 recurring fair value measurements in 2022 and 2021.

The fair values in Level 2 and Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique or, in relation to shares and Eurobonds quoted on organized markets, with reference to their bid prices. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair values of fixed rate borrowings (Level 2 of fair value hierarchy) approximate the carrying values of the instruments. As at 31 December 2022, the fair value of fixed rate borrowings from Parent amounted to GEL 429,334. As of 31 December 2021, the fair value of fixed rate Eurobonds issued amounts to GEL 842,000 thousand, considering options exercise.

Management assessed that the fair values of cash at banks, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short−term maturities of these instruments.

Risk arising from financial instruments

In the course of its ordinary activity the Group is exposed to interest rate, currency, credit and liquidity risks. The Group's management oversees the management of these risks.

Currency risk

Currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The management of the Group monitors open currency positions in each material currency and enters into foreign currency derivatives transactions as necessary.

(Amounts expressed in thousands of Georgian Lari)

28. Financial instruments (continued)

Risk arising from financial instruments (continued)

As at 31 December 2022 and 2021, currency risk arises from the USD denominated borrowings.

Currency	*Appreciation / depreciation in % 2022*	*Effect on profit 2022*	*Increase/ decrease in % 2021*	*Effect on profit 2021*
USD	18.92%	72,871	15.00%	57,108
USD	−18.92%	(72,871)	−7.00%	(24,475)

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk it undertakes by setting limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risks are monitored on a continuous basis and subject to an annual or more frequent review.

As at 31 December 2022 and 2021, the Group has no other significant financial assets subject to credit risk except for:

- Cash at bank and restricted cash: as at 31 December 2022 out of total cash at bank of GEL 36,909 (2021: GEL 96,842), GEL 29,026 (2021: GEL 75,148) was kept with banks having ratings of “BB−/bb−” from Standard & Poor’s, “B1/NP” (FC) & “Ba3/NP” (LC) from Moody’s and “BB−/bb−” from Fitch Ratings;
- Trade and other receivables (Note 12).

The credit quality of all financial assets is constantly monitored in order to identify any potential adverse changes in the credit quality. In respect of trade and other receivables, the management monitors credit quality based on days past due information. As at 31 December 2022 and 2021, carrying values of financial instruments best represent their maximum exposure to the credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its payment obligations associated when they fall due under normal or stress circumstances. Management monitors rolling forecasts of the Group’s cash flows on monthly basis. The Group seeks to maintain a stable funding base primarily consisting of borrowings and trade and other payables.

The table below shows financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted repayment obligations.

	Less than 1 year	*1−3 years*	*3−5 years*	*Over 5 years*	*Total*
As at 31 December 2022					
Long−term and short−term borrowings and bonds issued	33,666	469,088	884	1,593	**505,231**
Trade and other payables	14,627	−	−	−	**14,627**
Lease liabilities	168	176	−	−	**344**
Total future payments	**48,461**	**469,264**	**884**	**1,593**	**520,202**
As at 31 December 2021					
Long−term and short−term borrowings and bonds issued	60,531	121,056	838,176	2,400	**1,022,163**
Trade and other payables	16,386	−	−	−	**16,386**
Lease liabilities	315	391	224	3,648	**4,578**
Total future payments	**77,232**	**121,447**	**838,400**	**6,048**	**1,043,127**

In managing liquidity risk, the management of the Group considers the Group will be able to settle the liabilities falling due by applying cash proceeds from operations towards the upcoming coupon interest and principal payments due on the borrowings and refinance or renegotiate the borrowings if needed.

29. Events after the reporting date

Subsequent to 31 December 2022, the Group obtained a loan of EUR 4 million for funding its capital expenditures.

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Guarantor

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Trustee

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