2021

JSC “Galt & Taggart”

Separate Financial Statements

For the Year Ended 31 December 2021
Together with Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Joint Stock Company "Galt and Taggart":

Opinion

We have audited the separate financial statements of Joint Stock Company Galt and Taggart (the "Company"), which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2021, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the „*Auditor's Responsibilities for the Audit of the Separate Financial Statements"* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and 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.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives of our audit are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and conctent of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Gela Mghebrishvili, Engagement Partner (SARAS-A-965518)

Nexia TA LLC (SARAS-F-550338)

21 March, 2022

Tbilisi, Georgia

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Nexia TA LLC (SARAS-F-550338)
21 March, 2022
Tbilisi, Georgia

JSC GALT AND TAGGART
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2021
(GEORGIAN LARI)

ASSETS	**Notes**	**31 December, 2021**	**31 December, 2020**
Non-current assets			
Property and equipment, right of use asset	4	1,872,561	197,792
Investment property	5	1,505,000	1,505,000
Intangible assets	6	732,051	487,113
Investments in non-consolidated subsidiaries	7	800,000	969,000
Investment in associates	8	1,271,528	1,271,528
Loans issued	10, 24	1,889,468	3,262,578
Total non-current assets		**8,070,608**	**7,693,011**
Current assets			
Financial assets at fair value through profit or loss	9	1,846,474	5,407,487
Prepayments	11	1,064,701	843,130
Accounts receivable	12	894,697	719,078
Cash and cash equivalents	13	3,296,506	1,479,330
Client's cash and cash equivalents	14	154,750,068	44,182,890
Total current assets		**161,852,446**	**52,631,915**
Total assets		**169,923,054**	**60,324,926**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	15	4,365,707	5,152,230
Additional paid-in share capital	15	19,358,066	20,571,543
Accumulated loss		(10,203,405)	(12,455,276)
Other reserves		(1,823,611)	(1,654,611)
Total equity		**11,696,757**	**11,613,886**
Non-current liabilities			
Lease Liability	16	1,311,944	-
Total long-term liabilities		**1,311,944**	**-**
Current liabilities			
Accounts payable	19	1,739,880	1,284,258
Amounts due to clients	14	154,750,068	44,182,890
Deferred income	17	68,553	72,514
Short-term borrowings	18	-	3,171,378
Lease liabilities	16	355,852	-
Total short term liabilities		**156,914,353**	**48,711,040**
Total liabilities		**158,226,297**	**48,711,040**
Total equity and liabilities		**169,923,054**	**60,324,926**

Approved for issue and signed on behalf of the management on 21 March 2022.

General Director
Irakli Kirtava

Managing Director
Otari Sharikadze

Chief Accountant
Ketevan Vanishvili

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The notes on pages 9-27 form an integral part of these separate financial statements.

JSC GALT AND TAGGART
SEPARATE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2021
(GEORGIAN LARI)

	Note	2021	2020
Fee and commission income	20	7,438,349	6,440,353
Fee and commsision expense	20	(4,642,692)	(3,264,516)
Net fee and commission income		**2,795,657**	**3,175,837**
Income from investment banking and research	21	6,092,629	1,648,219
General and administrative expenses	22	(5,536,506)	(4,645,217)
Net gain/(loss) from financial assets at fair value through profit/loss	23	(20,009)	55,609
Other expenses		(14,029)	(7,236)
Net operating income		**3,317,742**	**227,212**
Interest income	24	1,120,700	1,496,745
Interest expense	24	(138,802)	(187,279)
Net foreign exchange gain/(loss)	25	(388,710)	336,330
Impairment of Loan Issued	10	(1,659,058)	-
PROFIT BEFORE TAX		**2,251,872**	**1,873,008**
Income tax expense		-	-
PROFIT FOR THE YEAR		**2,251,872**	**1,873,008**
OTHER COMPREHENSIVE INCOME:			
The movement in the net value of investment in non-consolidated subsidiary through other comprehensive income	7	(169,000)	(112,000)
Changes on other financial assets at fair value through other comprehensive income		-	77,160
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(169,000)**	**(34,840)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,082,872**	**1,838,168**

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	Issued Capital	Additional paid-in capital	Other reserves	Accumulated loss	Total equity
At 31 December 2019	**6,136,137**	**21,587,636**	**(1,499,771)**	**(14,448,284)**	**11,775,718**
Profit for the year	-	-	-	1,873,008	**1,873,008**
Other comprehensive loss for the year	-	-	(34,840)	-	**(34,840)**
Transfer after disposal of financial assets recognized at fair value through OCI			(120,000)	120,000	**-**
Buyback of shares (Note 15)	(983,907)	(1,016,093)	-	**-**	**(2,000,000)**
At 31 December 2020	**5,152,230**	**20,571,543**	**(1,654,611)**	**(12,455,276)**	**11,613,886**
Profit for the year	-	-	-	2,251,872	**2,251,872**
Other comprehensive loss for the year	-	-	(169,000)	-	**(169,000)**
Buyback of shares (Note 15)	(786,523)	(1,213,477)	-	-	**(2,000,000)**
At 31 December 2021	**4,365,707**	**19,358,066**	**(1,823,611)**	**(10,203,405)**	**11,696,757**

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JSC GALT AND TAGGART
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2021
(GEORGIAN LARI)

	Notes	2021	2020
Cash flow from operating activities			
Profit before tax for the year		**2,251,872**	**1,873,008**
Adjustments for:			
Depreciation and amortization	4, 6, 22	431,571	297,019
Impairment of Loan Issued	10	1,659,058	-
Net foreign exchange gain/(loss)		388,710	(336,330)
Write-off of intangible assets	6	-	2,722
Interest income	24	(1,120,700)	(1,496,745)
Interest expense	24	138,802	187,279
Cash inflow from operating activities before changes in operating assets and liabilities		**3,749,313**	**526,953**
Decrease in financial assets at fair value through profit or loss		3,561,013	1,799,890
Decrease/(Increase) in prepayments		(221,571)	202,562
Decrease/(Increase) in accounts receivables		(252,069)	1,414,803
Increase in accounts payable		114,008,071	8,378,621
Cash inflow from operating activities before interest and taxation		**120,844,757**	**12,322,828**
Interest received		634,021	1,134,143
Interest paid		(211,377)	(118,551)
Net cash inflow from operating activities		**121,267,401**	**13,338,420**
Cash flow from investing activities			
Investment in associates	8	-	(9,600)
Purchase of property and equipment	4	(134,903)	(35,791)
Purchase of intangible assets	6	(342,336)	(58,935)
Loans issued		-	(2,068,798)
Disposal of financial assets at FVTOCI		-	578,160
Net cash outflow from investing activities		**(477,239)**	**(1,594,964)**
Cash flow from financing activities			
Share buyback	15	(2,000,000)	(2,000,000)
Proceeds from bank borrowings	18	1,075,000	5,397,000
Repayment of bank borrowings	18	(4,150,000)	(4,708,410)
Repayments of principal portion of lease liabilities	16	(197,310)	(120,886)
Net cash outflow from financing activities		**(5,272,310)**	**(1,432,296)**
Increase in cash and cash equivalents		**115,517,852**	**10,311,159**
Cash and cash equivalents at the beginning of the year	**13, 14**	**45,662,220**	**31,229,538**
Effect on changes in foreign exchange rate on cash and cash equivalents		(3,133,498)	(403,600)
Cash and cash equivalents at the end of the year	**13, 14**	**158,046,574**	**45,662,220**

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The notes on pages 9-27 form an integral part of these separate financial statements.

1. PRINCIPAL ACTIVITY

JSC Galt and Taggart (the "Company") was established on 19 December 1995 under the laws of Georgia. The Company operates under a brokerage license issued by the National Bank of Gerogia ("NBG"; the Central Bank of Georgia) on 10 September 2014. During the years 2000-2009 the Company operated as "Galt and Taggart Securities", during 2009-2014 operated as "BG Capital". And since 26 August 2014, the Company operates under the name – JSC "Galt and Taggart". (Registration number - 211359206).

The Company provides brokerage, investing banking, consulting and assets management services. Morever the Company provides the service of financial agent in debt and equity instrument's private and public placement, consulting in corporate restructuring process, merger & acquistion transactions, etc. The Company is pioneer of investment research in Georgian market and continues to develop local capital markets bringing corporate advisory, debt and equity capital markets research and brokerage services under one brand. In 2013, the Company founded the branch in Azerbaijan, which does not operate since 28 October 2015. The Company's registered legal address is 3 Aleksandr Pushkin St, Tbilisi, 0102, Geoergia.

The Company is fully owned subsidiary of JSC "BG Financial" as at 31 December 2021 and 2020, the Company's ultimate parent (100%) is "Bank of Georgia Group" PLC.

2. BASIS OF PREPARATION

GENERAL

These separate financial statements (the "Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements are prepared under the historical cost convention except for the measurement at fair value of financial assets and investment securities, derivative financial assets, investment properties, and revalued property and equipment.

These separate financial statements are presented in Georgian Lari ("GEL" or "Lari").

GOING CONCERN

The Board of Directors of the Company has assessed the Company's ability to continue as a going concern and is satisfied that it has the resources to continue its business operations. Furthermore, mangamenet is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern for the for the foreseeable future.

Since the beginning of 2020, the coronavirus (COVID-19) has become widespread worldwide, which has had a significant impact on both the global and local financial markets. However, it has not had any significant direct consequences to the Company as of the date of these financial statements. The management believes that the going concern assumption is appropriate and the Company is able to continue operational activities for a period at lease 12 months from the date of approval of the financial statements.

Therefore, the financial statements are prepared on a going concern basis.

SUBSIDIARIES AND ASSOCIATES

The separate financial statements as at 31 December 2021 and 31 December 2020 include investments in following subsidiaries and associates:

	Proportion of voting rights and ordinary share capital held			
Subsidiaries	**31 December 2021**	**31 December 2020**	**Country of incorporation**	**Date of Registration**
Galt and Taggart Holding Limited	100%	100%	Nicosia, Cyprus	3 July 2006

2. BASIS OF PREPARATION (CONTINUED)

Investments in subsidiaries

Investments in subsidiaries, including entities acquired through transactions with entities under common control, are recognized at cost less any impairment losses (if any).

BASIS OF SEPARATE FINANCIAL STATEMENTS

The Company does not present consolidated financial statements as it meets all of the following conditions under IFRS 10 – "Consolidated Financial Statements":

- Company is a wholly-owned subsidiary of another entity;
- Company's equity instruments are not traded in a public market;
- Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market, and
- Company's ultimate parent produces financial statements available for public use that comply with IFRSs, in which subsidiaries are consolidated.

Investments in associates

Associates are entities in which the Company generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. As the Company does not prepare consolidated financial statements investments in associates are not accounted under equity method and are recognized at acquisition cost less impairment losses.

	Proportion of voting rights and ordinary share capital held			
Associates	**31 December 2021**	**31 December 2020**	**Country of incorporation**	**Date of registration**
JSC Tbilisi Stock Exchange	24%	24%	Tbilisi, Georgia	7 May 2015
JSC Georgian Stock Exchange	15,33%	15,33%	Tbilisi, Georgia	12 January 1999
JSC Kavkasreestri	5,33%	5,33%	Tbilisi, Georgia	10 April 1998

3. SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES

Principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the Company's separate financial statements are measured using the currency of the primary of the economic environment in which the entity operates ("the functional currency"). The Company's functional currency is the Georgian Lari ("GEL"). The presentational currency of the Company's financial statements is the Georgian Lari.

FAIR VALUE MEASUREMENT

The Company measures financial instruments, such as trading and investment securities, derivatives and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid transfer a liability in an orderly transaction between market participants at the measurement date. 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 Company 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.

3. SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (CONDINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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

Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS

All financial assets, other than equity instruments and derivatives, are measured by the company based on the entity's business model for managing the financial assets and contractual cash flow charactetistics on these instruments.

Financial assets are classified according to the following categories:

- fair value through profit or loss (FVPL);
- fair value through other comprehensive income (FVOCI) with recycling to profit or loss upon disposal for debt instruments;
- fair value through other comprehensive income (FVOCI) withought recycling to profit or loss for equity instruments; and
- amortised cost.

MEASUREMENT OF FINANCIAL INSTRUMENTS AT INITIAL RECOGNITION

When financial instuments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at fair value through profit or loss, for directly attributable fees and costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaaction price.

Financial instruments measured at amortised cost

The Company measures loans issued and other 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 payment of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments at FVOCI

The Company measures debt investment securities at FVOCI when both of the following categories are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows, selling financial assets and holding such financial instruments for liquidity management purposes; and
- The contractual terms of the financial asset meet the SPPI test.

Financial assets at FVTPL

A financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

3. SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (CONDINUED)

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company 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; or the Company 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.

Imprairment of Financial Assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as:

- financial liabilities at fair value through profit or loss; or
- financial liabilities at amortized cost

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

3. SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (CONDINUED)

If not, they are presented as non-current liabilities. Currently, all of the Company's trade payables are expected to be settled within one year from the balance sheet date and are classified as current.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Taxation

Income Tax is determined in compliance with the tax legislation of Georgia. According to current tax legislation, only owners' distributed profit is subjected to taxation and reinvested profit is not charged with income tax (Excluding exceptions provided for in Article 981, Article 309, Article 99 and Article 103 of the Tax Code of Georgia). Tax income liability is calculated as 15/85 from distributed dividend amount.

Due to the specificity of the charging tax system, companies registered in Georgia do not have temporary differences anymore of Assets / liabilities in tax terms and between their carrying values, thus the deferred income tax asset and liabilities are no longer generated.

Contingent income tax liability that is generated through profit distribution will not be recognised in statement of financial position.

Investment properties

Investment property is land or building or a part of a building held to earn rental income or for capital appreciation and which is not used by the Company.
Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value reflecting market conditions at the end of the reporting period. Fair value of the Company's investment property is determined on the basis of various sources including reports of independent appraisers, who hold a recognised and relevant professional qualifications and who have recent experience in valuation of property of similar location and category.

Earned rental income is recorded in the separate statement of comprehensive income within net other income. Gains and losses resulting from changes in the fair value of investment property is recorded in the separate statement of comprehensive income within gain on investment property revaluation.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with it will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss when incurred.

If an investment property becomes owner-occupied, it is reclassified to property and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and equipment, is carried at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred if the recognition criteria are met.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Depreciation of an asset commences from the date the asset is ready and available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

3. SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (CONDINUED)

Group of Property and Equipment	Useful life (Year)
Computers and equipment	5
Furniture and Fixtures	5

Leasehold improvements are depreciated over the life of the related leased asset or the expected lease term if lower.

Right-of-use assets are presented combined with property, plant and equipment in the separate statement of financial position. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The assets' residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end. Costs related to repairs and renewals are charged when incurred and included in other operating expenses.

INTANGIBLE ASSETS

The Company's intangible assets include computer software and licences. Intangible aassets acquired separately are measured on initial recognition at cost. Following intial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The economic lives of intangible assets are assessed to be finite and amortised over 5-10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

SHARE-BASED PAYMENT TRANSACTIONS

Employees (including senior executives) of the Company receive share-based remuneration, whereby they render services and receive equity instruments as consideration for the services provided.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised together with the corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for the awards that do not ultimately vest except for the awards where vesting is conditional upon market conditions which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the sharebased payment arrangement, or is otherwise beneficial to the employee as measured at the date of the modification.

When the terms of bonuses based on equity settlements change, the minimum expense is recognized as if the terms had not changed. In addition, an expense is recognized for any adjustments that increase the total fair value of the share-based payment transactions or otherwise represent the employee's benefit at the date of the adjustment.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as the replacement award on the date that it is granted, the cancelled and the new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

EQUITY

Issud capital and additional paid-in capital

Ordinary shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

3. SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (CONDINUED)

Other reserves

Other reserves represent the results of the Companys' comprehensive income.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the separate financial statements are authorised for issue.

CONTINGENCIES

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

INCOME AND EXPENSE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific regonition criteria must also be met before revenue and expense are recognised:

Fee and commission income

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities – are recognised upon satisfaction of the performance obligations on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance obligation are recognised after fulfilling the corresponding criteria.

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing securities 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 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 Company 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, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Dividend income

Dividend revene is recognised when the Company's right to receive the payment is established.

Foreign currency translation

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 translated into GEL at official exchange rates declared by the National Bank of Georgia ("NBG") and effective as at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the profit or loss within foreign exchange gain, net.
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

3. SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (CONDINUED)

on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in the income statement.

Differences between the contractual exchange rate of a transaction in a foreign currency and the NBG exchange rate on the date of the transaction are included in the profit or loss within foreign exchange gain, net.

The official exchange rates at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021	**31 December 2020**
1 USD/GEL	3.0976	3.2766
1 EUR/GEL	4.5040	4.0233
1 CHF/GEL	3.3772	3.7103
1 CAD/GEL	2.4208	2.5616
1 GBP/GEL	4.1737	4.4529

4. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

	Computer equipment	**Furniture and fixtures**	**Leasehold improvements**	**Right of use Asset (Office)**	**Total**
Historical cost					
At 31 December 2019	**276,708**	**213,014**	**262,441**	**273,214**	**1,025,377**
Additions	34,171	-	1,620	-	**35,791**
At 31 December 2020	**310,879**	**213,014**	**264,061**	**273,214**	**1,061,168**
Additions	98,423	36,480	-	1,874,040	**2,008,943**
At 31 December 2021	**409,302**	**249,494**	**264,061**	**2,147,254**	**3,070,111**
Accumulated depreciation					
At 31 December 2019	**163,951**	**148,850**	**171,702**	**163,569**	**648,072**
Depreciation	47,923	26,610	31,125	109,645	**215,304**
At 31 December 2020	**211,874**	**175,460**	**202,827**	**273,214**	**863,376**
Depreciation	42,989	27,897	61,234	202,053	**334,173**
At 31 December 2021	**254,863**	**203,357**	**264,061**	**475,267**	**1,197,549**
Net carrying amount					
At 31 December 2020	**99,005**	**37,554**	**61,234**	**-**	**197,792**
At 31 December 2021	**154,439**	**46,137**	**-**	**1,671,987**	**1,872,561**

As of 31 December 2021, the Company’s fixed assets were not pledged by a mortgage.

In 2021, the company signed a five-year lease agreement with JSC Bank of Georgia, where the company is represented as a lessee. Under the agreement, the company leased the office space (total area 837.86 sq. M) where it currently carries out its main operating activities. This agreement is not subject to cancellation. The monthly fee is $ 10,576 equivalent in GEL.

For determining discounting rent payments the Company used Group's five-year Certificate of Deposit’s interest rate (2.45%).

5. INVESTMENT PROPERTY

	2021	2020
At 1 January	**1,505,000**	**1,505,000**
Net gain from fair value adjustment on investment property	-	-
At 31 December	**1,505,000**	**1,505,000**

The investment property is an office space located in №7 Chavchavadze Ave., Tbilisi, Georgia. The investment property is measured at fair value. The property is revalued if there is evidence that from the last valuation there was a significant change in market price.

There was a significant change from the last valuation in market price, as a result the fair value of the property increased as of 31 December 2019. Independent certified appraiser LTD “Goergian Valuation Company” (certificate №-A-0189) assessed the fair value of the property by market method that is level 3 valuation level.

According to the management’s and external (Colliers International) office space price research there was no significant change in market price during 2021 for the location of the company investment property, therefore the Company’s investment property was not revalued.

6. INTANGIBLE ASSETS

	Licenses and patents	Software systems	Total
Historical Cost			
At 31 December 2019	**261,275**	**448,815**	**710,090**
Additions	-	58,935	**58,935**
Write off	-	(2,722)	**(2,722)**
At 31 December 2020	**261,275**	**505,029**	**766,304**
Write-off	-	342,336	**342,336**
At 31 December 2021	**261,275**	**847,365**	**1,108,640**
Amortization			
At 31 December 2019	**144,210**	**53,266**	**197,476**
Amortization	27,174	54,541	**81,715**
At 31 December 2020	**171,384**	**107,807**	**279,192**
Amortization expense	27,174	70,224	**97,398**
At 31 December 2021	**198,558**	**178,030**	**376,589**
Net carrying amount			
At 31 December 2020	**89,891**	**397,222**	**487,113**
At 31 December 2021	**62,717**	**669,335**	**732,051**

In 2021, the Company was implementing a new accounting program Microsoft Dynamics AX 2012. The Coapny has been testing the new software since the beginning of 2019 and is planning to switch to a new accounting system fully.

7. INVESTMENTS IN A NON-CONSOLIDATED SUBSIDIARY

	December 31, 2021	December 31, 2020
Balance		
Galt and Taggart Holding Limited (Cyprus)	969,000	1,081,000
Total Investments in non-consolidated subsidiaries	**969,000**	**1,081,000**
The movement in the net value of investment (through OCI)	(169,000)	(112,000)
Balance at 31 December	**800,000**	**969,000**

7. INVESTMENT IN A NON - CONSOLIDATED SUBSIDIARY (CONTINUED)

LTD "Galt and Taggart Holding" (Registration number – 179498) was registered on 3 July 2006. The address of the company is - Makariou III 58, IRIS TOWER, 7-th floor, Flat/Office 702 P.C. 1075, Nicosia, Cyprus. The investment in LTD "Galt and Taggart Holding" does not represent the operating activity of the Company and has no effect on the current activities of the Company. Futhermore, this investment is related to the strategic business operations of the parent company that invested in LTD "Galt and Taggart Holding" through the Company.

Non-audited financial information of non-consolidated subsidiary is presented below:

Georgian Lari	December 31, 2021	December 31, 2020
Total Assets	818,000	1,018,000
Total Liabilities	18,000	49,000
Total Equity	800,000	969,000

8. INVESTMENT IN ASSOCIATES

	December 31, 2021	December 31, 2020
Georgian Stock Exchange (15.33% shares In 2021 and 2020 Years)	110,250	110,250
Tbilisi Stock Exchange (24% shares In 2021 and 2020 Years)	1,151,678	1,151,678
JSC Kavkasreestri – (5.33% shares In 2021 and 2020 Years)	9,600	9,600
Total Investments in associates	**1,271,528**	**1,271,528**

As of 31 December 2021, no indicators of impairment were identified. The Company does not recognize investment in associates by equity method as entities are consolidated in the financial statements of the parent company. (Note 2 and Note 3).

Non-audited financial information of investments in associates is presented below:

31 December 2021	Tbilisi Stock Exchange	JSC Kavkasreestri	Georgian Stock Exchange
Total Assets	2,913,649	459,192	1,407,185
Total Liabilities	15	93,526	2,207
Total Equity	2,913,634	365,666	1,404,978

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021	December 31, 2020
Interest-bearing debt Instruments	1,728,440	5,211,551
Other current financial assets at fair value throught profit or loss	118,034	195,936
Total financial assets at fair value through profit or loss	**1,846,474**	**5,407,487**

The balance of debt instruments include accrued coupon receivable. The effect of profit / loss on these assets is given in Note 23.

10. LOANS ISSUED

	December 31, 2021	December 31, 2020
Issued Loans	3,548,526	3,262,578
Alloawance for Issued Loans	(1,659,058)	-
Total Issued Loans	**1,889,468**	**3,262,578**

At June 20, 2019, the Company signed mezzanine loan agreement with other entity and according to the agreement issued first tranche of USD 150,000. Additionally, according to the agreement signed in 2020 year, the company issued 700,000 USD. Annual interest rate of the loan is 18% and accrued interest should be fully paid at the end of year 5 starting from the date of the first tranche.

Obligations and collaterals defined in the loan agreement:

- Pledged and mortgaged real estate and other kinds of movable assets to be purchased/constructed through the first tranche of the loan as a guarantee of the Company.
- 100% shares of the borrower and founder’s personal guarantee.
- Providing of the financial information (Total assets, statement of financial position, statement of profit or loss, statement of cash flows) no later than the date of 25th of each months.
- Providing a review of interim and annual audited financial statements.
- Providing annual budgets and business plans no later than 1st of December of each year.

The main operating activity of the borrower is to breed rabbits and sell them as meat products. In December 2021, JSC Galt & Taggart, in the face of decrease of the borrower's financial performance and increased mortality of rabbits, decided to impair the loan at the market value of collateral, based on Wushman & Wakefield's assessment.

11. PREPAYMENTS

	December 31, 2021	December 31, 2020
Prepaid Share Bonus	1,022,349	763,892
Prepaid salaries	3,500	19,055
Other prepayments	38,852	60,183
Total Prepayments	**1,064,701**	**843,130**

Other prepayments include BOGG (continuation of BGEO) stocks transferred to employees, which is refundable in case of leaving the job. Issued share bonuses are recognised as obligation toward the employees and accounted for a prepaid bonuses, prepaid bonuses are recognised as expenses proportionally to the specified period.

12. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
Due from counterparties	663,936	546,490
Due from clients	271,400	247,284
Other Receivable	160,839	126,782
Allowance for impairment	(201,478)	(201,478)
Total Accounts Receivable	**894,697**	**719,078**

13. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
US Dollar (USD)	2,253,716	1,240,041
Geoergian Lari (GEL)	826,114	117,484
Great Britain Pound Sterling (GBP)	116,279	87,677
EURO (EUR)	29,133	14,722
Swiss Franc (CHF)	27,697	1,785
Other Currency	43,567	17,621
Total cash and cash equivalents	**3,296,506**	**1,479,330**

14. CLIENT'S CASH AND CASH EQUIVALENTS

Client's cash and cash equivalents consists of client's cash that are on nominal bank accounts and are used to perform trading operations on behalf of client's instructions.

	December 31, 2021	December 31, 2020
Geoergian Lari (GEL)	21,378,292	16,360,590
US Dollar (USD)	121,273,214	20,688,652
EURO (EUR)	4,616,183	4,106,605
Great Britain Pound Sterling (GBP)	6,499,659	2,424,631
Swiss Franc (CHF)	946,821	580,447
Other Currency	35,899	21,965
Total Client's cash and cash equivalents	**154,750,068**	**44,182,890**

These funds are also recognised as amounts due to clients.

15. ISSUED CAPITAL

Nominal value of each ordinary share is one (1) GEL	December 31, 2021	December 31, 2020
Authorised share capital	20,000,000	20,000,000
Outstanding shares	(15,634,293)	(14,847,770)
Issued and fully paid share capital	**4,365,707**	**5,152,230**

The nominal value of the shares of the Company is – 1 lari. In 2021, the Company bought back 786,523 ordinary shares with GEL 2,000,000. Therefore, Additional paid-in capital decreased by GEL 1,213,477.

After the shares buyback the issued number of the Company's share as of 31 December 2021 is – 4,365,707 shares (2020: 5,152,230 shares) and outstanding shares as of 31 December 2021 15,634,293–shares (2020: 14,847,770 shares).

Additional paid-in capital consists of the shareholders capital contributions in excess of nominal value of the shares, which was GEL 19,358,066 as of 31 December 2021 (2020: GEL 20,571,543).

16. LEASE LIABILITY

Lease liability at 12/31/2020	**-**
Addition	1,874,040
Acrued Interest	23,829
Foreign Exchange Effect	(32,763)
Payment of Principal	(197,310)
Lease liability at 12/31/2021	**1,667,796**

	Less than 1 year	1 – 5 years	Total
Payment of Principal	392,332	1,369,442	**1,761,774**
Interest Expense	(36,480)	(57,498)	**(93,978)**
Balance at 12/31/2021	**355,852**	**1,311,944**	**1,667,796**

17. DEFERRED INCOME

	2021	2020
Contract Price at 1st January	72,514	59,976
Changes during the period	(3,961)	12,538
Total deferred income at 31st December	**68,553**	**72,514**

18. BORROWINGS

	December 31, 2021	December 31, 2020
Short-term borrowings	-	3,075,000
Accrued interest	-	96,378
Total borrowings	**-**	**3,171,378**

Borrowings were received in GEL, the interest rate was the refinancing rate of the National Bank of Georgia plus 1%-2%. Borrowings were secured by the following assets of the company: 22 securities issued by JSC "Crystal" (ID 212896570), with a nominal value of GEL 100,000 each, as well as 1,500 government treasury bonds with a nominal value of GEL 1,000 each.

19. ACCOUNTS PAYABLE

	December 31, 2021	December 31, 2020
Accrued Cash Bonus Payable	1,294,104	943,500
Amounts due to counterparties	281,843	284,528
Tax Payable	66,143	14,500
Other payables	97,790	41,730
Total Accounts Payable	**1,739,880**	**1,284,258**

The carrying value of accounts payable corresponds to their fair value at the reporting date. Amounts paid for transactions and services include the amounts generated from trading by the clients, which will be paid in the following period.

20. FEE AND COMMISSION INCOME AND EXPENSE

	2021	**2020**
Commission income from trading system	5,242,543	4,963,436
Brokerage fees	1,370,346	974,743
Commission income from storage of securities	722,266	430,332
Other commission income	103,194	71,842
Total Fee and commission income	**7,438,349**	**6,440,353**
Fee and commission expense	(4,642,692)	(3,264,516)
Net fee and commission loss	**2,795,657**	**3,175,837**

21. INCOME FROM INVESTMENT BANKING AND RESEARCH

	2021	**2020**
Income from Bonds Placement	2,079,507	1,149,375
Financial Income	-	59,976
Investment banking	**2,079,507**	**1,209,351**
Income from Research	3,877,336	273,621
Other income	135,786	165,247
Total other operating income	**6,092,629**	**1,648,219**

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	**2020**
Salaries (excluding annual bonus)	2,299,578	1,918,507
Annual bonus	2,252,053	1,855,018
Depreciation and amortisation	431,571	297,019
Rent and utilities	110,119	105,604
Consultation and other professional fees	77,064	86,140
Sales & marketing expenses	75,127	71,394
Representative expenses	22,521	14,146
Taxes other than income	18,374	18,023
Insurance expense	5,710	5,143
Allowance for dowbtful receivables	-	117,442
Other administrative expenses	244,389	156,781
Total general and administrative expenses	**5,536,506**	**4,645,217**

23. NET GAIN / (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	**2020**
Realized loss from trading	38,468	127,209
Gain / (Loss) from revaluation	(58,477)	(71,600)
Net gain / (loss) from Financial Assets at Fair value through profit or loss	**(20,009)**	**55,609**

24. INTEREST INCOME AND EXPENSE

	2021	**2020**
Interest-bearing securities	273,211	663,021
Commercial loans	486,679	437,102
Bank deposits	360,810	396,622
Total interest income	**1,120,700**	**1,496,745**
Interest expense	(138,802)	(187,279)
Net interest Income	**981,898**	**1,309,466**

25. NET FOREIGN EXCHANGE GAIN/(LOSS)

	2021	**2020**
Gain from foreign exchange rate	19,806,212	13,992,752
Loss from foreign exchange rate	(20,194,922)	(13,656,422)
Total net foreign exchange gain/(loss)	**(388,710)**	**336,330**

26. RELATED PARTY TRANSACTIONS

JSC BG Financial, member of BOGG (continuation of BGEO), holds 100% of the ordinary shares of the Company with voting rights. Bank of Georgia Group PLC is the ultimate controlling party of the BOGG Group. BOGG Group produces and publishes consolidated financial statements available for public use.

Transactions with JSC „Bank of Georgia“:

AMOUNT OF TRANSACTIONS	**2021**	**2020**
Fee and commission income	5,486	-
Fee and commission expenses	(670,258)	(479,066)
Rent and other operating expenses	-	(105,604)
Interest income	(110,119)	370,215

Transactions with entities under common control:

AMOUNT OF TRANSACTIONS	**2021**	**2020**
Fee and commission income	1,093,930	130,195
Other operating Income	-	338,286

Balance with JSC „Bank of Georgia“:

	December 31, 2021	**December 31, 2020**
Cash and Cash Equivalents	116,961,743	29,953,670
Amounts due to client	(4,173,700)	-
Accounts payable	(73,981)	(136,466)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

The following table illustrates key management compensation during the period:

Key management compensation:	**December 31, 2021**	**December 31, 2020**
Salaries, Bonuses and Other Short-term Benefits:	639,698	530,274

27. INFORMATION ON FINANCIAL RISKS

In performing its operating, investing and financing activities, the Company is exposed to the following financial risks:

- **Credit risk**: the possibility that a debtor will no repay all or a portion of a loan or will not repay in a timely manner and therefore will cause a loss to the Company.
- **Liquidity risk:** the risk that the Company may not have, or may not be able to raise, cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.
- **Market risk**: the risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. Basically, the Company is exposed to three market risk components:
  - ***Interest rate risk***
  - ***Currency risk***
  - ***Equity price risk***

The Company's management in cooperation with the Company's operating units carries out risk management. Due to the relative simplicity of the Company's operations, there are no written policies on overall risk management.

The following table summarizes the carrying amount of financial assets and financial laiblities recorded by category:

Financial Assets	**December 31, 2021**	**December 31, 2020**
Cash and Cash Equivalents	3,296,506	1,479,330
Client's Cash and Cash Equivalents	154,750,068	44,182,890
Accounts Receivable	894,697	719,078
Loans issued	1,889,468	3,262,578
Financial Assets at Fair Value through profit or loss	1,846,474	5,407,487
TOTAL FINANCIAL ASSETS	**162,677,213**	**55,051,363**
FINANCIAL LIABILITIES	**December 31, 2021**	**December 31, 2020**
Accounts Payable	1,739,880	1,284,258
Amounts due to clients	154,750,068	44,182,890
Lease Liability	1,667,796	3,171,378
TOTAL FINANCIAL LIABILITIES	**158,157,744**	**48,638,526**
Difference between financial assets and liabilities	**4,519,469**	**6,412,837**

27. INFORMATION ON FINANCIAL RISKS (CONTINUED)

The following table provides an analysis of assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	As of December 31, 2021		
	Level 1	Level 2	Level 3
Fair Value of Assets			
Cash and Cash Equivalents	3,296,506	-	-
Client's Cash and Cash Equivalents	154,750,068	-	-
Financial Assets at Fair Value through profit or loss	1,846,474	-	-
Loans issued	-	-	1,889,468
Accounts Receivable	-	-	894,697
Investment properties	-	-	1,505,000
Total as of December 31, 2021	**159,893,048**	**-**	**4,289,165**

	As of December 31, 2020		
	Level 1	Level 2	Level 3
Fair Value of Assets			
Cash and Cash Equivalents	1,479,330	-	-
Client's Cash and Cash Equivalents	44,182,890	-	-
Financial Assets at Fair Value through profit or loss	3,746,313	1,661,174	-
Loans issued	-	-	3,262,578
Accounts Receivable	-	-	719,078
Investment properties	-	-	1,505,000
Total as of December 31, 2020	**49,408,533**	**1,661,174**	**5,486,656**

The Company does not have any financial liability classified in the category "at fair value through profit or loss". Cash and cash equivalents presented above contains the client's funds. (see note 14)

Credit Risk

The company's maximum credit risk is shown in following table:

	Note	December 31, 2021	December 31, 2020
Cash and Cash Equivalents	13	3,296,506	1,479,330
Client's Cash and Cash Equivalents	14	154,750,068	44,182,890
Loans issued	10	1,889,468	3,262,578
Accounts Receivable	12	894,697	719,078
Total exposure to credit risk		**160,830,739**	**49,643,876**

Cash and cash equivalents balances represent bank balances and short-term deposits witha less than three months maturity. The Company does not hold collateral for any of its receivables. All the receivables and prepayments that are past due at reporting date are impaired as appropriate

27. INFORMATION ON FINANCIAL RISKS (CONTINUED)

Liquidity Risk - Financial liabilities maturity analysis

The Company manages liquidity risk on the basis of expected maturity dates.
The following table provides an analysis of the remaining contractual maturities of the Company's financial assets and liabilities as at 31 December 2021 and 31 December 2020:

31 December 2021

	Less than 1 year	1 – 5 years	Over 5 years	Total
Cash and Cash Equivalents	3,296,506	-	-	**3,296,506**
Client's Cash and Cash Equivalents	154,750,068	-	-	**154,750,068**
Financial Assets as at Fair Value through profit or loss	1,846,474	-	-	**1,846,474**
Loans issued	-	1,889,468	-	**1,889,468**
Accounts Receivable	894,697	-	-	**894,697**
TOTAL FINANCIAL ASSETS	**160,787,745**	**1,889,468**	**-**	**162,677,213**
Borrowings	154,750,068	-	-	**154,750,068**
Amounts due to clients	355,852	1,311,944		**1,667,796**
Accounts Payable	1,739,880	-	-	**1,739,880**
TOTAL FINANCIAL LIABILITIES	**156,842,800**	**-**	**-**	**158,157,744**
Liquidity Risk	**3,944,945**	**577,524**	**-**	**4,519,469**

31 December 2020

	Less than 1 year	1 – 5 years	Over 5 years	Total
Cash and Cash Equivalents	1,479,330	-	-	**1,479,330**
Client's Cash and Cash Equivalents	44,182,890	-	-	**44,182,890**
Financial Assets as at Fair Value through profit or loss	5,407,487	-	-	**5,407,487**
Loans issued	-	3,262,578	-	**3,262,578**
Accounts Receivable	719,078	-	-	**719,078**
TOTAL FINANCIAL ASSETS	**51,788,785**	**3,262,578**	-	**55,051,363**
Borrowings	3,171,378	-	-	**3,171,378**
Amounts due to clients	44,182,890	-	-	**44,182,890**
Accounts Payable	1,284,258	-	-	**1,284,258**
TOTAL FINANCIAL LIABILITIES	**48,638,526**	**-**	**-**	**48,638,526**
Liquidity Risk	**3,150,259**	**3,262,578**	**-**	**6,412,837**

Interest rate risk

The Company's exposure to interest rate risk only concerns financial assets which are fixed rate. The impact of a change in interest rates on fixed interest rate financial assets on their fair vaule was assessed to be insignificant.

Foreign currency risk

Foreign currency denominated assets (bank balances, deposits, securities and receivables) and liabilities (payables) give rise to foreign exchange exposure. The Company does not have any formal procedures on managing currecny risk, however, management considers themselves to be well informed on the tendencies in the economy and has undertaken several steps to minimize its currency risks. These steps mainly include placing currency deposits and holding financial insturemnts.

27. INFORMATION ON FINANCIAL RISKS (CONTINUED)

Financial Assets by Currency

Financial assets as at 31 December 2021 and 31 December 2020 are analysed by currency as follows:

31 December 2021

Financial Assets	GEL	US Dollars	Euros	GB Pounds	Swiss Franc	Other	Total
Cash and Cash equivalents and Client's Cash and cash equivalents	22,204,406	123,526,930	4,645,316	6,615,938	974,518	79,466	**158,046,574**
Accounts Receivable	325,013	345,122	4,512	210,440	5	9,605	**894,697**
Loans Issued	-	1,889,468	-	-	-	-	**1,889,468**
Financial Assets at Fair Value through profit or loss	1,750,838	17,915	1,543	65,380	6,279	4,519	**1,846,474**
Total Financial Assets	**24,280,257**	**125,779,435**	**4,651,371**	**6,891,758**	**980,802**	**93,590**	**162,677,213**

31 December 2020

Financial Assets	GEL	US Dollars	Euros	GB Pounds	Swiss Franc	Other	Total
Cash and Cash equivalents and Client's Cash and cash equivalents	16,478,074	21,928,693	4,121,327	2,512,308	582,232	39,586	**45,662,220**
Accounts Receivable	237,954	54,386	321,341	102,818	537	2,042	**719,078**
Loans Issued	-	3,262,578	-	-	-		**3,262,578**
Financial Assets at Fair Value through profit or loss	5,298,187	8,689	1,966	90,310	-	8,335	**5,407,487**
Total Financial Assets	**22,014,215**	**25,254,346**	**4,444,634**	**2,705,436**	**582,769**	**49,963**	**55,051,363**

Financial Liabilities by Currency

The following table analysesthe breakdown of financial liabilities by currency:

	December 31, 2021	**December 31, 2020**
Georgian Lari	1,502,260	4,213,291
US Dollar	1,687,653	129,228
EURO	50,292	95,834
GB Pound	1,163	5,004
Other	166,308	12,279
Total Financial Liabilities	**3,407,676**	**4,455,636**

- A hypothetical 10% increase/decrease in the exchange rate of the GEL against the US Dollar would cut / increase 2021 profits after tax by GEL 12,409,178 (2020: GEL 2,512,512).
- A hypothetical 10% increase/decrease in the exchange rate of the GEL against the Euro would cut / increase 2021 profits after tax by GEL 465,021 (2020: GEL 443,963).
- A hypothetical 10% increase/decrease in the exchange rate of the GEL against the GB Pound would cut / increase 2021 profits after tax by GEL 684,147 (2020: GEL 260,960).

28. EVENTS AFTER THE REPORTING PERIOD

These financial statements were authorized for issue by the management on 21 March 2022. There have been no subsequent events that neet do be disclosed in the financial statements.