



Georgian State Electrosystem JSC

Transmission Grid Strengthening Project Project

Management Report

31 December 2022



KPMG Georgia LLC

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Confidential

To the Supervisory Board of Georgian State Electrosystem JSC

Our Ref.: ge/1/053/23

Dear Ladies and Gentlemen,

As part of our audit of the special purpose project financial statements of Transmission Grid Strengthening Project (the “Project”) executed by Georgian State Electrosystem (the “Company”) for the year ended 31 December 2022, we examined the internal controls of the Company and the Project for the year ended 31 December 2022. The accounting and control systems were considered only to the extent necessary to determine the auditing procedures to report on the special purpose project financial statements and not to determine the adequacy of internal control for management purposes or to provide assurance on the accounting or internal control systems.

During the procedures above, we noted certain matters involving the internal control system and the accounting system and submit for your consideration related recommendations to help the Company make improvements and achieve operational effectiveness.

The report sets out our grade A, B and C observations, the related impacts (risks) and our recommendations. A description of the grading structure is included below. These matters have been discussed with the finance team; we have included their responses where appropriate.

We have graded our management report observations as follows:

- Grade A** Significant observations on internal control or other financial and operational matters critical to the success of the business, including material weaknesses.
- Grade B** Observations on less important controls or other financial and operational matters, one-off items subsequently corrected and items that could be significant in the future.
- Grade C** Observations concerning other recommendations to improve the efficiency and/or effectiveness of internal control or other financial and operational matters.



The accompanying comments and recommendations are intended solely for the information and use within the Company.

We would like to thank you and your staff for the co-operation and support during the audit.

Yours Sincerely,

KPMG Georgia LLC

KPMG Georgia LLC
29 June, 2023



Summary of Recommendations

There have been no control deficiencies identified as at 31 December 2022.

Contact us:

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