FINANCIAL PERFORMANCE HIGHLIGHTS (IFRS)[1]

GEL '000, unless otherwise noted *(Unaudited)*	Jun-22	Mar-22	Change	Dec-21	Change	
Georgia Capital NAV overview						
NAV per share, GEL	52.71	52.62	0.2%	63.03	-16.4%	
NAV per share, GBP	14.78	12.92	14.4%	15.10	-2.1%	
Net Asset Value (NAV)	2,332,561	2,371,047	-1.6%	2,883,622	-19.1%	
Total portfolio value	2,705,413	2,608,626	3.7%	3,616,231	-25.2%	
Liquid assets and loans issued	688,741	882,574	-22.0%	426,531	61.5%	
Net debt	(365,914)	(239,385)	52.9%	(711,074)	-48.5%	
NCC ratio[2]	27.0%	28.2%	-1.2 ppts	31.9%	-4.9 ppts	
Georgia Capital Performance	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Total portfolio value creation	(14,446)	331,912	NMF	(465,266)	340,449	NMF
of which, listed and observable businesses	*18,646*	*70,288*	*-73.5%*	*(189,061)*	*43,836*	*NMF*
of which, private businesses	*(33,092)*	*261,624*	*NMF*	*(276,205)*	*296,613*	*NMF*
Investments	142,584	2,387	NMF	144,156	10,588	NMF
of which, conversion of issued loans into equity	*142,584*	*-*	*NMF*	*142,584*	*-*	*NMF*
Divestments	-	-	NMF	(557,568)	-	NMF
Buybacks	27,488	1,487	NMF	53,540	3,199	NMF
Dividend income	32,226	9,691	NMF	34,421	14,430	NMF
Net (loss) / income	(16,432)	368,139	NMF	(501,678)	323,295	NMF
Private portfolio companies' performance[1,3]	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Large portfolio companies						
Revenue	306,885	318,772	-3.7%	621,923	599,243	3.8%
EBITDA	35,337	44,336	-20.3%	75,113	81,334	-7.6%
Net operating cash flow	34,611	31,758	9.0%	63,276	40,709	55.4%
Investment stage portfolio companies						
Revenue	41,980	45,345	-7.4%	85,121	78,932	7.8%
EBITDA	17,307	20,982	-17.5%	30,050	31,627	-5.0%
Net operating cash flow	18,322	18,023	1.7%	24,599	21,673	13.5%
Total portfolio[4]						
Revenue	470,472	449,747	4.6%	905,428	828,094	9.3%
EBITDA	62,737	78,446	-20.0%	116,558	132,634	-12.1%
Net operating cash flow	51,915	57,189	-9.2%	83,485	74,391	12.2%

KEY POINTS

- NAV per share (GEL)[5] flat (up 0.2%) in 2Q22 (down 16.4% in 1H22), reflecting stabilisation following 16.5% decrease in 1Q22
- 2Q22 NAV per share (GBP)[5] increased 14.4% (down 2.1% in 1H22), reflecting the 14.2% appreciation of GEL against GBP during the second quarter (a 17.0% appreciation in 1H22)
- Net Capital Commitment (NCC) ratio decreased by 1.2 ppts to 27.0% in 2Q22, resulting from ongoing robust liquidity at the GCAP level and the strong GEL
- GEL 9.4 million dividends collected from the private portfolio companies in 2Q22, with an additional GEL 22.8 million dividends received from BoG in July 2022
- US$ 46.8 million loans issued to our beverages and real estate businesses converted into equity in 2Q22, as previously announced
- c.816,000 shares repurchased in 2Q22 (total bought back and cancelled now at c.6% of issued capital since 10-Aug-21)

Conference call: An investor/analyst conference call will be held on 12 August 2022, at 14:00 UK / 15:00 CET / 9:00 US Eastern Time. Please click the link to join the webinar: WEBINAR LINK, webinar ID: 823 2380 9213, passcode: 791297. Further details about the webinar are available on the Group's webpage.

[1] See "Basis of Presentation" for more background on page 28. Private portfolio companies' performance includes aggregated stand-alone IFRS results for our portfolio companies, which can be viewed as APMs for Georgia Capital, since Georgia Capital does not consolidate its subsidiaries and instead measures them at fair value under IFRS.
[2] Please see definition in glossary on page 28.
[3] Private portfolio companies' performance highlights are presented excluding the water utility business. Aggregated numbers are presented like-for-like basis.
[4] The results of our five smaller businesses included in other portfolio companies (described on page 25) are not broken out separately. Performance totals, however, include the other portfolio companies' results (and are therefore not the sum of large and investment stage portfolio results).
[5] As of 11-Aug-22, NAV per share (GEL), adjusted for the BoG share price and exchange rate changes, stood at GEL 55.02, up 4.4% from 1H22. Similarly, in GBP terms, NAV per share was up 13.7% to GBP 16.80 from 1H22.

CHAIRMAN AND CEO'S STATEMENT

Our 2Q22 results demonstrate Georgia Capital's strong operational and balance sheet resilience. While the uncertainties created by the Russia-Ukraine war persist and potential consequences can vary, our strong management teams have remained alert to navigate the challenges and opportunities created by these unprecedented times. This, when coupled with the recent strong growth in the Georgian economy, has enabled us to deliver solid operational performance in 2Q22 and 1H22, particularly reflecting our strategy to have the majority of our capital allocated to capital-light industries and sectors.

2Q22 NAV per share was up 0.2% (down 16.4% in 1H22). The NAV per share performance in 2Q22 resulted from a combination of factors: value creation across our listed and observable portfolio totalled GEL 18.6 million with 0.8 ppts positive impact on the NAV per share. This reflects a strong recovery in BoG's share price (up 9.9% in 2Q22) and robust value creation in the water utility business, the latter reflecting the strong EBITDA growth supported by the higher levels of economic activity as the impact of the pandemic recedes. Share buybacks under our ongoing buyback programme also supported the NAV per share growth with a 1.5 ppts impact. The increase was offset by a GEL 33.1 million value reduction in the private portfolio (-1.4 ppts impact), mainly reflecting a temporary value decrease at our healthcare facilities, as a result of their recent transition to the post-pandemic environment, and increased discount rates used in our private portfolio valuations. Management platform related costs had a 0.4 ppts negative impact on the 2Q22 NAV per share. In GBP terms, the NAV per share growth in 2Q22 was particularly significant – up 14.4% - reflecting the 14.2% appreciation of GEL against GBP during the quarter.

The decrease in the 1H22 NAV per share predominantly reflects the first quarter impact of the Russia-Ukraine war, with a stabilisation in the second quarter: a) a GEL 161.4 million operating performance related value reduction of the private portfolio companies (-5.6 ppts impact) and b) a GEL 317.5 million negative impact on portfolio asset valuations from market movements in BoG's share price, discount rates and listed peer multiples from the Russia-Ukraine war (-11.0 ppts impact). The decrease was partially offset by the accretive impact from share buybacks (+3.0 ppts impact in 1H22). In GBP terms, the NAV per share was down 2.1% in 1H22.

Underlying operating performances across our private portfolio remained solid. The aggregated revenue of our private portfolio companies totalled GEL 470 million (up 4.6% y-o-y), demonstrating modest top-line growth in 2Q22, while the aggregated EBITDA was down by 20.0% y-o-y to GEL 63 million in 2Q22.

- 2Q22 revenues of our retail (pharmacy) business reflect a recalibration of product prices due to GEL's appreciation against foreign currencies and the termination of low-profit generating contracts in the wholesale business line. 2Q22 EBITDA was further impacted by inflation and increased operating expenses in line with the continuing expansion of the retail (pharmacy) business.
- Our hospitals and clinics & diagnostics businesses are currently transitioning to the post-pandemic environment. The suspension of COVID contracts by the Government in 1Q22 and the subsequent restructuring of the cost base of COVID facilities have temporarily impacted the performance of the hospitals and clinics businesses, while substantially lower COVID cases during the quarter resulted in a significant decrease in diagnostics business revenues. The growth is expected to rebound over the next few quarters as the businesses complete the expected transition.
- The ongoing war negatively impacted the performance of our beverages (c.60% sales exposure of our wine business to Russia and Ukraine in 2021) and real estate businesses (significant growth in construction materials costs). To ensure their sustainable development, in 2Q22 we converted US$ 46.8 million loans issued to these businesses into equity, as previously announced.

For 1H22, the aggregated revenues of our private portfolio companies increased by 9.3% y-o-y while the aggregated y-o-y EBITDA was down by 12.1%.

NCC ratio[6] decreased by 1.2 ppts to 27.0% in 2Q22. GCAP's liquidity remained solid at GEL 686 million (US$ 234 million) in 2Q22. GEL's appreciation during the quarter positively impacted the gross debt balance (down 4.0% in 2Q22) and as a result, the NCC ratio was down by 1.2 ppts to 27.0% in 2Q22, demonstrating progress towards our stated strategic priority to bring down the NCC ratio to below 15% by Dec-25. The pro-forma NCC ratio, which reflects the subsequent improvements in BoG's share price and foreign exchange rates as well as the anticipated decrease in the GCAP's guarantee towards the beer business (see page 11 for details), was down to 23.5%. Solid liquidity at the GCAP level and a robust balance sheet and capital management framework also led to an upgrade in our corporate credit ratings to "B1" by Moody's and "B+" by S&P (from "B2" and "B", respectively) in 1H22.

Update on the buyback programme. During 2Q22, under the US$ 25 million share buyback and cancellation programme, we repurchased 816,054 shares for a total consideration of GEL 19.1 million (US$ 6.3 million). This brings the total number of shares bought back and cancelled to c.6% of issued capital since we launched the programme in August 2021.

From a **macroeconomic perspective**, the economy has continued double-digit growth in 2022, with real GDP expanding y-o-y by an estimated 10.5% in 1H22 following a 10.4% growth in 2021. On the external side, strong foreign demand throughout the year has been supplemented by substantial remittance inflows, with money transfers being up by 65% y-o-y in 1H22. Merchandise exports grew by 35% y-o-y in 1H22, and the tourism revenues reached 79% of 2019 levels in 1H22, including

[6] Please see definition in glossary on page 28.

92% in May-June 2022, reflecting the global resumption of travel as well as significant migration from certain regional countries. On the domestic side, credit expansion has also been robust, as the commercial bank loan portfolio grew by 18.7% y-o-y as of June 2022 (on a constant currency basis). Additionally, while fiscal support has moderated, the fiscal stance remains expansionary, with current expenditures growing by 9% and capital expenditures expanding by 4% y-o-y in 1H22, facilitated by a 34% surge in fiscal revenues. Despite USD strengthening globally, the Georgian Lari (GEL) has sustained its appreciation trend since mid-2021 and compared to the beginning of 2022 has appreciated by 14.1% against the US dollar as of 11 August 2022, driven by growing demand for Georgian exports, robust remittance inflows, tight monetary policy and accelerated foreign currency lending, as well as the travel recovery and strong market confidence. The fiscal deficit is projected to shrink to around 3.5% in 2022 as a result of the higher-than-expected growth and is expected to return to under 3% of GDP from 2023. The National Bank of Georgia (NBG) has maintained a tight monetary stance with the refinancing rate set at 11% since March 2022, reaffirming its commitment to pursue tight policy until inflationary pressures subside. Inflation reached 11.5% in July 2022 and 12.9% on average in January-July 2022, although it is expected to decelerate gradually from the second half of 2022.

Management change. In July, we announced that Nikoloz (Nick) Gamkrelidze was to step down as Chief Executive of Georgia Healthcare. He has been replaced as GHG's CEO by Irakli Gogia, previously Deputy CEO, Finance of GHG. On 9 May 2022, the Board announced the separation of the roles of Chairman and CEO, upon the completion of my current employment contract as Chairman and CEO in May 2023, with me continuing in the role of Board Chairman and Nick assuming the role of Georgia Capital's CEO in May 2023. Following Nick's departure from GHG, he will no longer take up the role of Georgia Capital CEO in May 2023, and the Board of Georgia Capital will announce a further update in due course with regard to the appointment of a new CEO. I will continue in the existing combined Chairman and CEO role until May 2023.

Outlook. Despite the ongoing regional tensions, we remain cautiously optimistic about the emerging capital-light investment opportunities, in line with our strategy, that lie ahead in Georgia and beyond. We are already witnessing the formation of attractive new markets resulting from the proven resilience of the Georgian economy and the favourable migration to our region. While we have increased our focus on balancing the varying risks and opportunities by taking a relatively conservative approach to managing our investment portfolio and balance sheet leverage, I believe Georgia Capital is well-positioned to tap attractive investment opportunities and deliver consistent NAV per share growth over the medium term. At the same time, we will continue demonstrating strong progress toward our key strategic priority of deleveraging the Group's balance sheet.

Irakli Gilauri, Chairman and CEO

DISCUSSION OF GROUP RESULTS

The discussion below analyses the Group's unaudited net asset value at 30-Jun-22 and its income for the second quarter and first half period then ended on an IFRS basis (see "Basis of Presentation" on page 28 below).

Net Asset Value (NAV) Statement

NAV statement summarises the Group's IFRS equity value (which we refer to as Net Asset Value or NAV in the NAV Statement below) at the opening and closing dates for the second quarter (31-Mar-22 and 30-Jun-22). The NAV Statement below breaks down NAV into its components and provides a roll forward of the related changes between the reporting periods. For the NAV Statement for the first half of 2022 see page 27.

NAV STATEMENT 2Q22

GEL '000, unless otherwise noted *(Unaudited)*	Mar-22	1. Value creation[7]	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/ FX/Other	Jun-22	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	473,479	5,038	-	-	(22,798)	-	-	455,719	-3.8%
Water Utility	139,392	13,608	-	-	-	-	-	153,000	9.8%
Total Listed and Observable Portfolio Value	**612,871**	**18,646**	**-**	**-**	**(22,798)**	**-**	**-**	**608,719**	**-0.7%**
Listed and Observable Portfolio value change %		***3.0%***	***0.0%***	***0.0%***	***-3.7%***	***0.0%***	***0.0%***	***-0.7%***	
Private Portfolio Companies									
Large Companies	**1,410,482**	**(14,022)**	**-**	**-**	**(7,374)**	**-**	**107**	**1,389,193**	**-1.5%**
Retail (Pharmacy)	*657,079*	*13,948*	-	-	-	-	-	*671,027*	*2.1%*
Hospitals	*524,296*	*(46,250)*	-	-	-	-	-	*478,046*	*-8.8%*
Insurance (P&C and Medical)	*229,107*	*18,280*	-	-	*(7,374)*	-	*107*	*240,120*	*4.8%*
Of which, P&C Insurance	*184,629*	*22,448*	-	-	*(7,374)*	-	*107*	*199,810*	*8.2%*
Of which, Medical Insurance	*44,478*	*(4,168)*	-	-	-	-	-	*40,310*	*-9.4%*
Investment Stage Companies	**447,247**	**(1,482)**	**-**	**-**	**(2,054)**	**-**	**256**	**443,967**	**-0.7%**
Renewable Energy	*163,862*	*10,104*	-	-	*(2,054)*	-	*256*	*172,168*	*5.1%*
Education	*135,368*	*16,385*	-	-	-	-	-	*151,753*	*12.1%*
Clinics and Diagnostics	*148,017*	*(27,971)*	-	-	-	-	-	*120,046*	*-18.9%*
Other Companies	**138,026**	**(17,588)**	**142,584**	**-**	**-**	**-**	**512**	**263,534**	**90.9%**
Total Private Portfolio Value	**1,995,755**	**(33,092)**	**142,584**	**-**	**(9,428)**	**-**	**875**	**2,096,694**	**5.1%**
Private Portfolio value change %		***-1.7%***	***7.1%***	***0.0%***	***-0.5%***	***0.0%***	***0.0%***	***5.1%***	
Total Portfolio Value (1)	**2,608,626**	**(14,446)**	**142,584**	**-**	**(32,226)**	**-**	**875**	**2,705,413**	**3.7%**
Total Portfolio value change %		***-0.6%***	***5.5%***	***0.0%***	***-1.2%***	***0.0%***	***0.0%***	***3.7%***	
Net Debt (2)	**(239,385)**	**-**	**(136,577)**	**(27,488)**	**32,226**	**(5,734)**	**11,044**	**(365,914)**	**52.9%**
of which, Cash and liquid funds	*718,525*	-	-	*(27,488)*	*9,428*	*(5,734)*	*(31,364)*	*663,367*	*-7.7%*
of which, Loans issued	*164,049*	-	*(136,577)*	-	-	-	*(2,098)*	*25,374*	*-84.5%*
of which, Accrued dividend income	-	-	-	-	*22,798*	-	-	*22,798*	*0.0%*
of which, Gross Debt	*(1,121,959)*	-	-	-	-	-	*44,506*	*(1,077,453)*	*-4.0%*
Net other assets/ (liabilities) (3)	1,806	-	(6,007)	-	-	(4,661)	1,924	(6,938)	*NMF*
of which, share-based comp.	-	-	-	-	-	*(4,661)*	*4,661*	-	
Net Asset Value (1)+(2)+(3)	**2,371,047**	**(14,446)**	**-**	**(27,488)**	**-**	**(10,395)**	**13,843**	**2,332,561**	**-1.6%**
NAV change %		***-0.6%***	***0.0%***	***-1.2%***	***0.0%***	***-0.4%***	***0.6%***	***-1.6%***	
Shares outstanding[7]	45,063,039	-	-	(1,174,323)	-	-	361,031	44,249,747	-1.8%
Net Asset Value per share, GEL	**52.62**	**(0.32)**	**(0.00)**	**0.78**	**(0.00)**	**(0.23)**	**(0.12)**	**52.71**	**0.2%**
NAV per share, GEL change %		***-0.6%***	***0.0%***	***1.5%***	***0.0%***	***-0.4%***	***-0.2%***	***0.2%***	

A 0.2% increase in NAV per share (GEL) in 2Q22 was mainly driven by an accretive impact from share buybacks (a 1.5 ppts impact on the NAV per share). The growth was partially offset by a GEL 14.4 million negative value creation across our portfolio companies (-0.6 ppts impact), management platform related costs (-0.4 ppts impact) and other expenses (-0.2 ppts impact).

Portfolio overview

Total portfolio value increased by GEL 96.8 million (3.7%) to GEL 2.7 billion in 2Q22:

- The value of the listed and observable portfolio decreased by GEL 4.2 million (-0.7%), reflecting the net impact of GEL 18.6 million value creation, driven by a robust operating performance of the water utility business and strong recovery in BoG's share price, offset by a GEL 22.8 million accrued dividend income from BoG as of 30-Jun-22.
- Private portfolio value change in 2Q22 reflects:
    - A GEL 41.6 million value decrease, mainly resulting from a GEL 33.1 million negative value creation and GEL 9.4 million dividends paid to GCAP.

[7] Please see definition in glossary on page 28.

- Conversion of GEL 142.6 million loans issued predominantly to our beverages and real estate businesses into equity, due to the adverse financial impact of the Russia-Ukraine war on these businesses. This led to a GEL 100.9 million net increase in the value of our private portfolio (up 5.1% in 2Q22).

Consequently, as of 30-Jun-22, the listed and observable portfolio value totalled GEL 608.7 million (22.5% of the total portfolio value), and the private portfolio value amounted to GEL 2.1 billion (77.5% of the total).

1) Value creation

Total portfolio value creation amounted to negative GEL 14.4 million in 2Q22.

- A GEL 18.6 million value creation across listed and observable portfolio supported NAV per share growth in 2Q22. This reflects:
  - A GEL 5.0 million value creation from BoG, resulting from a 9.9% increase in BoG's share price, partially offset by GEL appreciation against GBP by 14.2% in 2Q22.
  - GEL 13.6 million value creation in Water Utility, reflecting the strong operating performance and the application of the put option valuation to GCAP's 20% holding in the business (where GCAP has a clear exit path through a put and call structure at pre-agreed EBITDA multiples).
- The negative value creation in the private portfolio amounted to GEL 33.1 million in 2Q22, resulting from:
  - GEL 117.1 million operating-performance related value reduction, mainly driven by the developments across our retail (pharmacy), hospitals, clinics & diagnostics and other businesses, as described in detail on pages 6-7.
  - GEL 84.0 million value creation due to GEL's appreciation against foreign currencies and changes in valuation multiples in 2Q22.

The negative impact of the ongoing Russia-Ukraine war on the discount rates and listed peer multiples used in our DCF and multiple-based valuation assessments continued in 2Q22, with discount rates being up by approximately 0.5-1.0 ppts q-o-q. However, the resilience of the Georgian economy in almost all economic data points and stronger than expected outlook of our portfolio companies drove the stabilisation of value creation in 2Q22.

The table below summarises value creation drivers in our businesses in 2Q22:

Portfolio Businesses	Operating Performance[8]	Greenfields / buy-outs / exits[9]	Multiple Change and FX[10]	Value Creation
GEL '000, unless otherwise noted *(Unaudited)*	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed and Observable				**18,646**
BoG				5,038
Water Utility				13,608
Private	**(117,122)**	**-**	**84,030**	**(33,092)**
Large Portfolio Companies	**(71,281)**	**-**	**57,259**	**(14,022)**
Retail (pharmacy)	*(18,667)*	-	*32,615*	*13,948*
Hospitals	*(62,339)*	-	*16,089*	*(46,250)*
Insurance (P&C and Medical)	*9,725*	-	*8,555*	*18,280*
Of which, P&C Insurance	*15,482*	-	*6,966*	*22,448*
Of which, Medical Insurance	*(5,757)*	-	*1,589*	*(4,168)*
Investment Stage Portfolio Companies	**(15,032)**	**-**	**13,550**	**(1,482)**
Renewable Energy	*11,625*	-	*(1,521)*	*10,104*
Education	*12,058*	-	*4,327*	*16,385*
Clinics and Diagnostics	*(38,715)*	-	*10,744*	*(27,971)*
Other	**(30,809)**	**-**	**13,221**	**(17,588)**
Total portfolio	**(117,122)**	**-**	**84,030**	**(14,446)**

Valuation overview[11]

In 2Q22, valuation assessments of our large and investment stage portfolio companies were performed by a third-party independent valuation firm, Kroll (formerly known as Duff & Phelps), in line with International Private Equity Valuation ("IPEV") guidelines. Our renewable energy and education businesses were valued by Kroll for the first time in 2Q22 (the clinics & diagnostics business was previously valued externally as a component part of Healthcare Services). The independent valuation assessments, which serve as the basis for Georgia Capital's estimate of fair value, were performed by applying a combination of an income approach (DCF) and a market approach (listed peer multiples and, in some cases, precedent transactions). The independent valuations of the large and investment stage businesses are performed on a semi-annual basis. In line with our strategy, from time to time we may receive offers from interested buyers for our private portfolio companies. These would be considered in the overall valuation assessment, where appropriate.

[8] Change in the fair value attributable to the change in actual or expected earnings of the business, as well as the change in net debt.
[9] Greenfields / buy-outs represent the difference between fair value and acquisition price in the first reporting period in which the business/greenfield project is no longer valued at acquisition price/cost. Exits represent the difference between the latest reported fair value and the value of the disposed asset (or assets in the process of disposal) assessed at a transaction price.
[10] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[11] Please read more about valuation methodology on pages 28 in "Basis of presentation".

The enterprise value and equity value development of our businesses in 2Q22 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted *(Unaudited)*	30-Jun-22	31-Mar-22	Change %	30-Jun-22	31-Mar-22	Change %	% share in total portfolio
Listed and Observable portfolio				**608,719**	**612,871**	**-0.7%**	**22.5%**
BoG				455,719	473,479	-3.8%	16.8%
Water Utility				153,000	139,392	9.8%	5.7%
Private portfolio	**3,236,186**	**3,282,688**	**-1.4%**	**2,096,694**	**1,995,755**	**5.1%**	**77.5%**
Large portfolio companies	**1,821,489**	**1,850,595**	**-1.6%**	**1,389,193**	**1,410,482**	**-1.5%**	**51.3%**
Retail (pharmacy)	915,257	900,218	1.7%	671,027	657,079	2.1%	24.8%
Hospitals	678,687	735,626	-7.7%	478,046	524,296	-8.8%	17.7%
Insurance (P&C and Medical)	227,545	214,751	6.0%	240,120	229,107	4.8%	8.9%
Of which, P&C Insurance	199,810	184,629	8.2%	199,810	184,629	8.2%	7.4%
Of which, Medical Insurance	27,735	30,122	-7.9%	40,310	44,478	-9.4%	1.5%
Investment stage portfolio companies	**792,525**	**779,019**	**1.7%**	**443,967**	**447,247**	**-0.7%**	**16.4%**
Renewable Energy	421,002	427,321	-1.5%	172,168	163,862	5.1%	6.4%
Education[12]	182,688	145,570	25.5%	151,753	135,368	12.1%	5.6%
Clinics and Diagnostics	188,835	206,128	-8.4%	120,046	148,017	-18.9%	4.4%
Other	**622,172**	**653,074**	**-4.7%**	**263,534**	**138,026**	**90.9%**	**9.7%**
Total portfolio				**2,705,413**	**2,608,626**	**3.7%**	**100.0%**

Private large portfolio companies (51.3% of total portfolio value)

Retail (Pharmacy) (24.8% of total portfolio value) – the Enterprise Value (EV) of Retail (Pharmacy) increased by 1.7% to GEL 915.3 million in 2Q22, reflecting the robust outlook of the business, driven by the expansion of the retail chain and resilience of Georgian economy. 2Q22 revenues were down by 3.5% y-o-y, resulting from a) the recalibration of product prices due to GEL's appreciation against foreign currencies (the FX effect is directly transmitted into the pricing as c.70% of the inventory purchases are denominated in foreign currencies) and b) the termination of low-profit generating contracts in the wholesale business line. EBITDA (excl. IFRS 16) was down by 11.4% y-o-y in 2Q22, further reflecting inflation and the increased operating expenses in line with the expansion of the retail (pharmacy) business. See page 14 for details. Consequently, LTM EBITDA (incl. IFRS 16) was down by 1.5% to GEL 109.7 million in 2Q22. Net debt increased by 19.1% to GEL 159.5 million in 2Q22, as the business paid GEL 31.2 million to complete the buyout of the 10% minority stake (valued at GEL 41.2 million, of which GEL 10.0 million was paid in 1Q22). As a result, the fair value of GCAP's holding increased by 2.1% to GEL 671.0 million in 2Q22. The implied LTM EV/EBITDA valuation multiple (incl. IFRS 16) increased to 8.3x as at 30-Jun-22 (up from 8.1x as of 31-Mar-22).

Hospitals (17.7% of total portfolio value) – Hospitals' EV decreased by 7.7% to GEL 678.7 million in 2Q22. The revenue was down by 10.6% y-o-y in 2Q22, reflecting the suspension of COVID contracts by the Government in 1Q22. Restructuring the cost base of COVID hospitals and phasing out from Government contracts temporarily suppressed business margins in 2Q22, which, coupled with the absence of a state income tax subsidy for low salary range employees that had been in effect during the entire 1H21 period, translated into a 6.3 ppts y-o-y decrease in the 2Q22 EBITDA margin (excl. IFRS 16). Consequently, EBITDA (excl. IFRS 16) was down 33.3% y-o-y in 2Q22. See page 16 for details. LTM EBITDA (incl. IFRS 16) decreased by 9.3% to GEL 64.9 million in 2Q22. As a result, the equity value of the business was assessed at GEL 478.0 million, down 8.8% q-o-q in 2Q22, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 10.5x at 30-Jun-22 (10.3x at 30-Mar-22).

Insurance (P&C and Medical) (8.9% of total portfolio value) – The insurance business combines: a) P&C Insurance valued at GEL 199.8 million and b) Medical Insurance valued at GEL 40.3 million.

<u>P&C Insurance</u> – Net premiums earned increased by 16.9% y-o-y to GEL 24.3 million in 2Q22, mainly reflecting the growth in the credit life and agricultural insurance lines. The combined ratio was down 0.6 ppts y-o-y in 2Q22, reflecting a) a 3.4 ppts decrease in loss ratio on the back of the robust revenue growth and b) a 2.8 ppts increase in expense ratio due to the increase in salaries and other operating expenses in line with the business growth. Consequently, 2Q22 net income was up 17.8% y-o-y to GEL 4.9 million. See page 17 for details. LTM net income[13] was up by 4.3% to GEL 18.2 million in 2Q22. The equity value of the P&C insurance business was assessed at GEL 199.8 million at 30-Jun-22 (up 8.2% q-o-q). The implied LTM P/E valuation multiple stood at 11.0x in 2Q22 (up from 10.6x in 1Q22).

<u>Medical Insurance</u> – Net premiums earned increased by 0.5% y-o-y to GEL 18.0 million in 2Q22, predominantly driven by a c.5% increase in the price of insurance policies and related decrease in the number of insured clients (down 4.9% y-o-y as of 30-Jun-22). Net claims expenses were also up by 4.8% y-o-y in 2Q22, in line with the rebounding trend of elective healthcare services, compared to the patient footprint slowdown last year due to the pandemic. As a result, the net income of the medical insurance business was down by GEL 0.4 million y-o-y to negative GEL 0.2 million in 2Q22. See page 17 for details. LTM net income[14] was down by 12.5% to GEL 2.8 million in 2Q22, and the equity value of the business was assessed at GEL 40.3 million at 30-Jun-22 (down 9.4% q-o-q). The implied LTM P/E valuation multiple was at 14.5x in 2Q22, up from 14.0x in 1Q22.

[12] Enterprise value is presented excluding the recently launched schools (Pesvebi and Tkekultura) and non-operational assets, added to the equity value of the education business at cost.
[13] Adjusted for non-recurring items.
[14] Adjusted for non-recurring items.

Private investment stage portfolio companies (16.4% of total portfolio value)

Renewable Energy (6.4% of total portfolio value) – The business was valued externally for the first time in 2Q22. EV in US$ terms was up by 4.3% to US$ 143.7 million in 2Q22 (down 1.5% to GEL 421.0 million in GEL terms, reflecting the local currency appreciation against US$ during the quarter). In US$ terms, revenue and EBITDA were up 2.3% and 4.4% y-o-y in 2Q22, reflecting a 12.6% y-o-y increase in average electricity selling prices (revenue and EBITDA in GEL terms were down by 7.6% and 5.9% y-o-y, respectively, in 2Q22). See page 20 for details. The pipeline renewable energy projects continued to be measured at an equity investment cost of GEL 42.0 million in aggregate. Net debt was down by GEL 14.6 million to GEL 248.8 million in 2Q22, also reflecting the currency movements (in US$ terms, the net debt remained flat at US$ 85.0 million). The business paid GEL 2.1 million dividends to GCAP in 2Q22. As a result, the equity value of Renewable Energy was assessed at GEL 172.2 million in 2Q22 (up by 5.1% q-o-q) (up 11.3% q-o-q to US$ 58.8 in US$ terms). The blended EV/EBITDA valuation multiple of the operational assets stood at 11.1x in 2Q22, up from 10.9x in 1Q22.

Education (5.6% of total portfolio value) – The business was valued externally for the first time in 2Q22. An 80.1% increase in total learner capacity in 2021 and higher than expected growth in total enrolments were reflected in the 2Q22 valuation assessment of the business, which led to a 25.5% increase in EV to GEL 182.7[15] million in 2Q22. See page 21 for details. Notwithstanding a 19.7% y-o-y increase in 2Q22 EBITDA, the LTM EBITDA of the business was down by 1.6% to GEL 11.9 million. A temporary decrease in LTM EBITDA reflects the increased operating expenses resulting from the addition of the new learner capacity, while additional revenue is expected to derive in the 2023-2024 academic year, as the utilisation rate picks up gradually. Net debt was also up by 12.7% to GEL 8.9 million in 2Q22, reflecting an expansion. As a result, the education business was valued at GEL 151.8 million in 2Q22 (up 12.1% q-o-q). This translated into the implied valuation multiple of 15.3x in 2Q22, up from 12.0x in 1Q22. The forward-looking implied valuation multiple is estimated at 11.1x for the 2023-2024 academic year.

Clinics and Diagnostics (4.4% of total portfolio value) – The EV of the business decreased by 8.4% to GEL 188.8 million in 2Q22. Similar to the hospitals business, our clinics business was also impacted by the suspension of COVID contracts by the Government, which led to an 8.6% y-o-y decrease in revenues in 2Q22. The revenue of our diagnostics business, which apart from regular lab tests is actively engaged in COVID-19 testing, was impacted by substantially lower COVID cases during the quarter and was down by 48.5% y-o-y in 2Q22. This together with the expiration of the state income tax subsidy that had been in effect in the prior period led to a 62.1% y-o-y decrease in the combined 2Q22 EBITDA (excl. IFRS 16) of the clinics & diagnostics business. See page 22 for details. Consequently, LTM EBITDA (incl. IFRS 16) was down by 16.0% to GEL 19.2 million in 2Q22. As a result, the equity value of the business was assessed at GEL 120.0 million, down 18.9% q-o-q in 2Q22, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 9.8x at 30-Jun-22, up from 9.0x at 31-Mar-22.

Other businesses (9.7% of total portfolio value) - The "other" private portfolio (Auto Service, Beverages, IT Outsourcing, Housing Development and Hospitality businesses) is valued based on LTM EV/EBITDA except the housing development (DCF), wine business (DCF) and hospitality businesses (NAV). See performance highlights of other businesses on page 25. The portfolio had a combined value of GEL 263.5 million at 30-Jun-22, up by 90.9% q-o-q. The increase reflects the conversion of GEL 142.6 million loans issued predominantly to our beverages and real estate businesses into equity, due to the adverse financial impact of the Russia-Ukraine war on these businesses. In 2Q22, the negative value creation amounted to GEL 17.6 million.

Listed and observable portfolio companies (22.5% of total portfolio value)

BOG (16.8% of total portfolio value)[16] – In 1Q22, BoG delivered an annualised ROAE of 30.7% and strong 11.6% loan book growth y-o-y. The loan book growth was largely driven by continued strong loan origination levels in all segments, but predominantly in the consumer, micro and SME portfolios. In 2Q22, BoG's share price demonstrated a strong recovery and was up by 9.9 % q-o-q to GBP 13.06 at 30-Jun-22. The positive impact of BOG's share price performance on our valuations was partially offset by GEL's appreciation against GBP by 14.2% in 2Q22. In 2Q22, the Bank declared a final dividend for 2021 of GEL 2.33 per ordinary share. Consequently, the accrued dividend income for GCAP amounted to GEL 22.8 million as of 30-Jun-22. The final dividends were received on 14-Jul-22. In 2Q22, the Bank also announced the commencement of the GEL 72.7 million share buyback and cancellation programme, effective until 31 December 2022. The programme is in line with BoG's capital and distribution policy, which targets a dividend/share buyback payout ratio in the range of 30-50% of the Bank's annual profits. As a result of the developments described above, the market value of our equity stake in BoG decreased by 3.8% to GEL 455.7 million. BoG's public announcement of their 2Q22 results, when published, will be available on BoG's website.

Water Utility (5.7% of total portfolio value) – 2Q22 valuation of the Water Utility, where GCAP has a clear exit path through a put and call structure at pre-agreed EBITDA multiples)[17], reflects the strong operating performance of the business. Positive developments in the normalised[18] LTM EBITDA and the application of the put option valuation led to GEL 13.6 million value creation in 2Q22. As a result, the fair value of GCAP's 20% holding in the business was assessed at GEL 153.0 million, up 9.8% q-o-q.

[15] Excluding the recently launched schools (Pesvebi and Tkekultura) and non-operational assets, added to the equity value of the education business at cost.
[16] Following BoG's share buybacks, GCAP's holding in the Bank increased to 20.0% as of 11-Aug-22 from 19.9% as of 30-Jun-22.
[17] More details are available on our website: https://georgiacapital.ge/ir/water-utility-disposal.
[18] Normalised for the items as set out in the terms of the disposal.

2) Investments[19]

GCAP's investments of GEL 142.6 million in 2Q22 represent the non-cash conversion of the loans issued mainly to our real estate and beverages business into equity.

3) Share buybacks

During 2Q22, 1,174,323 shares were bought back for a total consideration of GEL 27.5 million.

- 358,269 shares were repurchased for the management trust.
- 816,054 shares were repurchased under the ongoing US$ 25 million share buyback and cancellation programme. The total value of shares repurchased under the programme amounted to GEL 19.1 million (US$ 6.3 million) in 2Q22.
- As of 11-Aug-22 a total of 2,777,234 shares with the value of GEL 69.4 million (US$ 22.7 million) have been repurchased under the buyback programme, since 10 August 2021. The share buyback and cancellation programme is extended until 31 December 2022, as set out on page 27 of this report.

4) Dividends[19]

In 2Q22, Georgia Capital received GEL 9.4 million regular dividends from the private portfolio companies, of which, GEL 7.4 million was collected from the P&C insurance and GEL 2.1 million from the renewable energy businesses. GEL 22.8 dividends, receivable from BOG as of 30-Jun-22, were collected on 14-Jul-22.

1H22 NAV STATEMENT HIGHLIGHTS

GEL '000, unless otherwise noted *(Unaudited)*	Dec-21	1. Value creation[20]	2a. Investment and divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/ FX/Other	Jun-22	Change %
Total Listed and Observable Portfolio Value	**681,186**	**(189,061)**	**139,392**	**-**	**(22,798)**	**-**	**-**	**608,719**	**-10.6%**
Listed and Observable Portfolio value change %		***-27.8%***	***20.5%***	***0.0%***	***-3.3%***	***0.0%***	***0.0%***	***-10.6%***	
Total Private Portfolio Companies	**2,935,045**	**(276,205)**	**(552,804)**	**-**	**(11,623)**	**-**	**2,281**	**2,096,694**	**-28.6%**
Of which, Large Companies	2,249,260	(156,554)	(696,960)	-	(7,374)	-	821	1,389,193	-38.2%
Of which, Investment Stage Companies	461,140	(14,970)	1,559	-	(4,249)	-	487	443,967	-3.7%
Of which, Other Companies	224,645	(104,681)	142,597	-	-	-	973	263,534	17.3%
Private Portfolio value change %		***-9.4%***	***-18.8%***	***0.0%***	***-0.4%***	***0.0%***	***0.1%***	***-28.6%***	
Total Portfolio Value (1)	**3,616,231**	**(465,266)**	**(413,412)**	**-**	**(34,421)**	**-**	**2,281**	**2,705,413**	**-25.2%**
Total Portfolio value change %		***-12.9%***	***-11.4%***	***0.0%***	***-1.0%***	***0.0%***	***0.1%***	***-25.2%***	
Net Debt (2)	**(711,074)**	**-**	**419,419**	**(53,540)**	**34,421**	**(10,951)**	**(44,189)**	**(365,914)**	**-48.5%**
Net Asset Value (1)+(2)+(3)	**2,883,622**	**(465,266)**	**-**	**(53,540)**	**-**	**(19,700)**	**(12,555)**	**2,332,561**	**-19.1%**
NAV change %		***-16.1%***	***0.0%***	***-1.9%***	***0.0%***	***-0.7%***	***-0.4%***	***-19.1%***	
Shares outstanding[20]	45,752,362	-	-	(2,166,578)	-	-	663,963	44,249,747	-3.3%
Net Asset Value per share, GEL	**63.03**	**(10.17)**	**(0.00)**	**1.90**	**(0.00)**	**(0.43)**	**(1.61)**	**52.71**	**-16.4%**
NAV per share, GEL change %		***-16.1%***	***0.0%***	***3.0%***	***0.0%***	***-0.7%***	***-2.5%***	***-16.4%***	

NAV per share (GEL) decreased by 16.4% in 1H22, reflecting a) value reduction of BoG and private portfolio companies with a 7.0 ppts and 9.6 ppts negative impact on the NAV per share, respectively, and b) management platform related costs (-0.7 ppts impact) and net interest expenses (-0.7 ppts impact). The NAV per share decrease was partially offset by share buybacks (+3.0 ppts impact).

Portfolio overview

The total portfolio value decreased by GEL 910.8 million (25.2%) to GEL 2,705.4 million in 1H22:

- The value of the water utility business decreased by GEL 544.0, reflecting the disposal of an 80% equity interest in the business.
- The value of BoG and our private portfolio companies decreased by GEL 225.5 million and GEL 141.4 million, respectively, reflecting the impact of market movements on portfolio asset valuations resulting from the Russia-Ukraine war.

[19] Investments are made and dividends are received at JSC Georgia Capital level, the Georgian holding company.
[20] Please see definition in glossary on page 28.

1) Value creation

BoG's share price decreased by 21.7%, which coupled with a 17.0% appreciation of GEL against GBP in 1H22, translated into a GEL 202.7 million negative value creation. The negative value creation across our private portfolio amounted to GEL 276.2 million and reflect a) GEL 161.4 million operating performance related value decrease and b) GEL 114. 8 million value reduction due to changes in valuation multiples and foreign exchange rates in 1H22.

a) Operating performance related value decrease reflects the developments across our healthcare facilities as described earlier in this report and the spillover effect of the Russia-Ukraine war on our wine (c. 60% sales exposure to Russia and Ukraine in 2021) and housing businesses (significant growth in construction materials costs).

b) The value reduction due to changes in valuation multiples and FX reflect the uncertainties surrounding the geopolitical tensions, which translated into approximately a 2.0-3.0 ppts increase in discount rates and reduced listed peer multiples as reflected in the private portfolio companies' valuations in 1H22.

The developments described above led to negative GEL 465.3 million value creation in 1H22.

The table below summarises value creation drivers in our businesses in 1H22:

Portfolio Businesses	Operating Performance[21]	Greenfields / buy-outs / exits[22]	Multiple Change and FX[23]	Value Creation
GEL '000, unless otherwise noted *(Unaudited)*	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed and Observable				**(189,061)**
BoG				(202,669)
Water Utility				13,608
Private	**(161,351)**	**(13)**	**(114,841)**	**(276,205)**
Large Portfolio Companies	**(45,048)**	-	**(111,506)**	**(156,554)**
Retail (pharmacy)	*50,859*	-	*(90,217)*	*(39,358)*
Hospitals	*(93,993)*	-	*(1,776)*	*(95,769)*
Insurance (P&C and Medical)	*(1,914)*	-	*(19,513)*	*(21,427)*
Of which, P&C Insurance	*12,484*	-	*(17,626)*	*(5,142)*
Of which, Medical Insurance	*(14,398)*	-	*(1,887)*	*(16,285)*
Investment Stage Portfolio Companies	**(2,159)**	-	**(12,811)**	**(14,970)**
Renewable Energy	*8,739*	-	*(6,492)*	*2,247*
Education	*27,074*	-	*(6,333)*	*20,741*
Clinics and Diagnostics	*(37,972)*	-	*14*	*(37,958)*
Other	**(114,144)**	**(13)**	**9,476**	**(104,681)**
Total portfolio	**(161,351)**	**(13)**	**(114,841)**	**(465,266)**

The enterprise value and equity value development of our businesses in 1H22 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted *(Unaudited)*	30-Jun-22	31-Dec-21	Change %	30-Jun-22	31-Dec-21	Change %	% share in total portfolio
Listed and Observable portfolio				**608,719**	**681,186**	**-10.6%**	**22.5%**
BoG				455,719	681,186	-33.1%	16.8%
Water Utility				153,000	-	NMF	5.7%
Private portfolio	**3,236,186**	**4,633,145**	**-30.2%**	**2,096,694**	**2,935,045**	**-28.6%**	**77.5%**
Large portfolio companies	**1,821,489**	**3,126,186**	**-41.7%**	**1,389,193**	**2,249,260**	**-38.2%**	**51.3%**
Retail (pharmacy)	915,257	952,269	-3.9%	671,027	710,385	-5.5%	24.8%
Hospitals	678,687	791,756	-14.3%	478,046	573,815	-16.7%	17.7%
Water Utility	-	1,129,902	NMF	-	696,960	NMF	NMF
Insurance (P&C and Medical)	227,545	252,259	-9.8%	240,120	268,100	-10.4%	8.9%
Of which, P&C Insurance	199,810	211,505	-5.5%	199,810	211,505	-5.5%	7.4%
Of which, Medical Insurance	27,735	40,754	-31.9%	40,310	56,595	-28.8%	1.5%
Investment stage portfolio companies	**792,525**	**779,824**	**1.6%**	**443,967**	**461,140**	**-3.7%**	**16.4%**
Renewable Energy	421,002	428,248	-1.7%	172,168	173,288	-0.6%	6.4%
Education[24]	182,688	139,947	30.5%	151,753	129,848	16.9%	5.6%
Clinics and Diagnostics	188,835	211,629	-10.8%	120,046	158,004	-24.0%	4.4%
Other	**622,172**	**727,135**	**-14.4%**	**263,534**	**224,645**	**17.3%**	**9.7%**
Total portfolio				**2,705,413**	**3,616,231**	**-25.2%**	**100.0%**

2) Investments[25]

In 1H22, GCAP's cash investments amounted to GEL 1.6 million, of which GEL 1.2 million was allocated to our education business, predominantly for the capacity expansion of the existing campus of Buckswood (mid-scale segment) and the development of land and building of the new campus of Green School (affordable segment). The investments presented in the 1H22 NAV statement also reflect the following non-cash operations: a) the transfer of the remaining 20% equity interest in the water utility business to the listed and observable portfolio (GEL 139.4 million) and b) the conversion of loans issued predominantly to our beverages and real estate businesses into equity (GEL 142.6 million).

[21] Change in the fair value attributable to the change in actual or expected earnings of the business, as well as the change in net debt.
[22] Greenfields / buy-outs represent the difference between fair value and acquisition price in the first reporting period in which the business/greenfield project is no longer valued at acquisition price/cost. Exits represent the difference between the latest reported fair value and the value of the disposed asset (or assets in the process of disposal) assessed at a transaction price.
[23] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[24] Excluding the recently launched schools (Pesvebi and Tkekultura) and non-operational assets, added to the equity value of the education business at cost.
[25] Investments are made and dividends are received at JSC Georgia Capital level, the Georgian holding company.

3) Share buybacks

During 1H22, 2,166,578 shares were bought back for a total consideration of GEL 53.5 million.

- 1,689,480 shares were repurchased under the ongoing share buyback and cancellation programme. The total value of shares repurchased under the programme amounted to GEL 42.0 million (US$ 13.7 million) in 1H22.
- 477,098 shares were repurchased for the management trust.

4) Dividends[26]

In 1H22, Georgia Capital received GEL 11.6 million regular dividends from the private portfolio companies, of which, GEL 7.4 million was collected from P&C insurance and GEL 4.3 million from the renewable energy businesses. The balance also reflects a GEL 22.8 million accrued dividend income from BoG.

Net Capital Commitment (NCC) overview

Below we describe the components of Net Capital Commitment (NCC) as of 30 June 2022 and as of 31 March 2022. NCC represents an aggregated view of all confirmed, agreed and expected capital outflows at the GCAP HoldCo level.

Components of NCC GEL '000, unless otherwise noted *(unaudited)*	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Cash at banks	359,262	425,911	-15.6%	132,580	NMF
Liquid funds	304,105	292,614	3.9%	139,737	NMF
Of which, Internationally listed debt securities	*300,967*	*289,551*	*3.9%*	*137,215*	*NMF*
Of which, Locally listed debt securities	*3,138*	*3,063*	*2.4%*	*2,522*	*24.4%*
Total cash and liquid funds	**663,367**	**718,525**	**-7.7%**	**272,317**	**NMF**
Loans issued[27]	25,374	21,206	19.7%	21,540	17.8%
Accrued dividend income	22,798	-	NMF	-	NMF
Gross debt	(1,077,453)	(1,121,959)	-4.0%	(1,137,605)	-5.3%
Net debt (1)	**(365,914)**	**(382,228)**	**-4.3%**	**(843,748)**	**-56.6%**
Guarantees issued (2)	**(45,615)**	**(53,836)**	**-15.3%**	**(55,297)**	**-17.5%**
Net debt and guarantees issued (3)=(1)+(2)	**(411,529)**	**(436,064)**	**-5.6%**	**(899,045)**	**-54.2%**
Planned investments (5)	**(158,675)**	**(168,015)**	**-5.6%**	**(131,933)**	**20.3%**
of which, planned investments in Renewable Energy	(88,024)	(93,205)	-5.6%	(101,834)	-13.6%
of which, planned investments in Education	(70,651)	(74,810)	-5.6%	(30,099)	NMF
Announced Buybacks (6)	**(12,597)**	**(17,463)**	**-27.9%**	**(9,330)**	**35.0%**
Contingency/liquidity buffer (7)	**(146,444)**	**(155,065)**	**-5.6%**	**(154,880)**	**-5.4%**
Total planned investments, announced buybacks and contingency/liquidity buffer (8)=(5)+(6)+(7)	**(317,716)**	**(340,543)**	**-6.7%**	**(296,143)**	**7.3%**
Net capital commitment (3)+(8) **NCC ratio**	**(729,245)** **27.0%**	**(776,607)** **28.2%**	**-6.1%** **-1.2 ppts**	**(1,195,188)** **31.9%**	**-39.0%** **-4.9 ppts**

Cash and liquid funds. Total cash and liquid funds' balance was down by 7.7% to GEL 663.4 million (US$ 226.5 million) in 2Q22. The decrease was mainly driven by a) GEL's appreciation in 2Q22, as more than 90% of the cash and liquid funds were denominated in foreign currencies and b) a GEL 26.6 million cash outflow for buybacks. The decrease was partially offset by the dividend and interest receipts of GEL 9.4 and GEL 8.0 million in 2Q22, respectively. A 3.9% increase in internationally listed debt securities' balance was attributable to the temporary investments in dollar-denominated Eurobonds issued by Georgian corporates to generate yield on GCAP's liquid funds.

Total cash and liquid funds' balance was up 2.4x in 1H22, reflecting a) the receipt of GEL 526.7 million (US$ 173 million) cash proceeds (net of transaction fees) in 1Q22 from the disposal of an 80% equity interest in the water utility business, following the successful completion of the first stage of the transaction, b) dividend and interest receipts of GEL 11.6 million and GEL 13.6 million, respectively. The increase was partially offset by a) GEL 38.0 million Eurobond coupon payment, and b) GEL 58.1 million cash outflow for buybacks. The internationally listed debt securities' balance also more than doubled in 1H22. The increase was attributable to the temporary investments in dollar-denominated Eurobonds issued by Georgian corporates.

Loans issued[27]. Issued loans' balance, which primarily refers to loans issued to our private portfolio companies, was up by GEL 4.2 million in 2Q22 (up by GEL 3.8 million in 1H22). Loans are lent at market terms.

Gross debt. At 30-Jun-22, the outstanding balance of US$ 365 million six-year Eurobonds due in March 2024 was GEL 1,077.5 million (down 4.0% q-o-q). The decrease in gross debt reflects the GEL's appreciation against US$, which was partially offset by a GEL 17.8 million coupon accrual[28] during the quarter.

[26] Investments are made and dividends are received at JSC Georgia Capital level, the Georgian holding company.
[27] Loans issued balance as at 31-Mar-22 and 31-Dec-21 reflect the retrospective conversions of the loans issued to our other businesses into equity.
[28] FX, coupon payment and coupon accrual are included in Liquidity Management /FX/Other column in NAV statement.

A 5.3% decrease in the gross debt balance in 1H22 reflects the impact of GEL's appreciation against US$ by 5.8% and a GEL 38.0 million coupon payment in 1Q22, partially offset by a GEL 37.7 million coupon accrual in 1H22.

Guarantees issued. The balance reflects GCAP's guarantee on the borrowing of the beer business. Due to the recent developments in the business' operating performance, GCAP's guarantee decreased by EUR 1.0 million to EUR 14.8 million.

Planned investments. Planned investments' balance represents US$ c.54 million expected investments in renewable energy (US$ c.30 million) and education (US$ c.24 million) businesses. The balance in US$ terms remained unchanged as at 30-Jun-22 (down by 5.6% in GEL terms due to the local currency appreciation in 2Q22). The balance was up 20.3% in 1H22, in line with our capital allocation outlook.

Announced buybacks. A 27.9% decrease in the announced buybacks' balance reflects the developments in the share buyback programme as described on pages 8 and 10. A 35.0% increase in the balance in 1H22 reflects a US$ 15 million increase in the programme in 1H22.

Contingency/liquidity buffer. The balance reflects the cash and liquid assets in the amount of US$ 50 million, held by GCAP at all times, for contingency/liquidity purposes. The balance remained unchanged in US$ terms as at 30-Jun-22.

As a result of the movements described above, NCC was down by 6.1% to GEL 729.2 million (US$ 249.0 million), translating into a 27.0% NCC ratio as at 30-Jun-22 (down by 1.2 ppts q-o-q).

Subsequent to 30-Jun-22, the beer business engaged in discussions with local lenders to reduce the required amount of GCAP's guarantee on their borrowing. As of today, local lenders have agreed in principle to reduce GCAP's guarantee to EUR 8.5 million, pending approvals from their risk/various committees, which are expected to be finalised in 3Q22. Following the reduction, the guarantee amount will be down by EUR 6.3 million to EUR 8.5 million (from EUR 14.8 million), bringing the pro-forma NCC ratio down to 23.5% as of 30 June 2022.

INCOME STATEMENT (ADJUSTED IFRS / APM)

Net loss under IFRS was GEL 19.6 million in 2Q22 (GEL 371.3 million net income in 2Q21) and GEL 509.1 million in 1H22 (GEL 325.2 million net income in 1H21). The IFRS income statement is prepared on the Georgia Capital PLC level and the results of all operations of the Georgian holding company JSC Georgia Capital are presented as one line item. As we conduct almost all of our operations through JSC Georgia Capital, through which we hold all of our portfolio companies, the IFRS results provide little transparency on the underlying trends.

Accordingly, to enable a more granular analysis of those trends, the following adjusted income statement presents the Group's results of operations for the period ending June 30 as an aggregation of (i) the results of GCAP (the two holding companies Georgia Capital PLC and JSC Georgia Capital, taken together) and (ii) the fair value change in the value of portfolio companies during the reporting period. For details on the methodology underlying the preparation of the adjusted income statement, please refer to page 98 in Georgia Capital PLC 2021 Annual report.

INCOME STATEMENT (Adjusted IFRS/APM)

GEL '000, unless otherwise noted (Unaudited)	2Q22	2Q21	Change	1H22	1H21	Change
Dividend income	32,226	9,691	NMF	34,421	14,430	NMF
Interest income	9,364	6,120	53.0%	18,150	10,617	71.0%
Realised / unrealised loss on liquid funds	(1,197)	1,687	NMF	(11,435)	1,516	NMF
Interest expense	(17,826)	(20,302)	-12.2%	(37,679)	(37,520)	0.4%
Gross operating income/(loss)	**22,567**	**(2,804)**	**NMF**	**3,457**	**(10,957)**	**NMF**
Operating expenses	(10,395)	(9,225)	12.7%	(19,700)	(18,096)	8.9%
GCAP net operating income/(loss)	**12,172**	**(12,029)**	**NMF**	**(16,243)**	**(29,053)**	**-44.1%**
Fair value changes of portfolio companies						
Listed and Observable Portfolio Companies	**(4,152)**	**70,288**	**NMF**	**(211,859)**	**43,836**	**NMF**
Of which, Bank of Georgia Group PLC	*(17,760)*	*70,288*	*NMF*	*(225,467)*	*43,836*	*NMF*
Of which, Water Utility	*13,608*	*-*	*NMF*	*13,608*	*-*	*NMF*
Private Portfolio companies	**(42,520)**	**251,933**	**NMF**	**(287,828)**	**282,183**	**NMF**
Large Portfolio Companies	**(21,396)**	**197,356**	**NMF**	**(163,928)**	**201,855**	**NMF**
Of which, Retail (pharmacy)	*13,948*	*44,816*	*-68.9%*	*(39,358)*	*27,657*	*NMF*
Of which, Hospitals	*(46,250)*	*64,276*	*NMF*	*(95,769)*	*90,889*	*NMF*
Of which, Water Utility	*-*	*91,100*	*NMF*	*-*	*76,097*	*NMF*
Of which, Insurance (P&C and Medical)	*10,906*	*(2,836)*	*NMF*	*(28,801)*	*7,212*	*NMF*
Investment Stage Portfolio Companies	**(3,536)**	**48,976**	**NMF**	**(19,219)**	**54,115**	**NMF**
Of which, Renewable energy	*8,050*	*13,072*	*-38.4%*	*(2,002)*	*7,632*	*NMF*
Of which, Education	*16,385*	*19,443*	*-15.7%*	*20,741*	*23,207*	*-10.6%*
Of which, Clinics and Diagnostics	*(27,971)*	*16,461*	*NMF*	*(37,958)*	*23,276*	*NMF*
Other businesses	**(17,588)**	**5,601**	**NMF**	**(104,681)**	**26,213**	**NMF**
Total investment return	**(46,672)**	**322,221**	**NMF**	**(499,687)**	**326,019**	**NMF**
(Loss)/income before foreign exchange movements and non-recurring expenses	**(34,500)**	**310,192**	**NMF**	**(515,930)**	**296,966**	**NMF**
Net foreign currency gain	18,172	57,988	-68.7%	14,448	26,547	-45.6%
Non-recurring expenses	(104)	(41)	NMF	(196)	(218)	-10.1%
Net (loss)/income	**(16,432)**	**368,139**	**NMF**	**(501,678)**	**323,295**	**NMF**

Gross operating income of GEL 22.6 million in 2Q22 reflects a 3.3x and 53.0% increase in dividend and interest income, respectively, which was further supported by a decrease in interest expenses due to GEL's y-o-y appreciation against US$. Gross operating income of GEL 3.5 million in 1H22 also reflects increased dividend and interest inflows, which was partially offset by GEL 11.4 million realised and unrealised loss on liquid funds held by GCAP – which was mostly unrealised due to the market volatility driven by the regional geopolitical instability. The significant interest income growth in 2Q22 and 1H22 was mainly due to the increased liquid funds balance and related investments in internationally listed debt securities.

GCAP earned an average yield of 3.9% on the average balance of liquid assets of GEL 471.7 million in 1H22 (3.1% on GEL 240.9 million in 1H21).

The components of GCAP's operating expenses are shown in the table below.

GCAP Operating Expenses Components

GEL '000, unless otherwise noted *(Unaudited)*	2Q22	2Q21	Change	1H22	1H21	Change
Administrative expenses[29]	(3,323)	(3,031)	9.6%	(6,087)	(5,840)	4.2%
Management expenses – cash-based[30]	(2,411)	(2,402)	0.4%	(4,864)	(4,997)	-2.7%
Management expenses – share-based[31]	(4,661)	(3,792)	22.9%	(8,749)	(7,259)	20.5%
Total operating expenses	**(10,395)**	**(9,225)**	**12.7%**	**(19,700)**	**(18,096)**	**8.9%**
Of which, fund type expense[32]	*(3,091)*	*(3,278)*	*-5.7%*	*(6,084)*	*(6,384)*	*-4.7%*
Of which, management fee type expenses[33]	*(7,304)*	*(5,947)*	*22.8%*	*(13,616)*	*(11,712)*	*16.3%*

[29] Includes expenses such as external audit fees, legal counsel, corporate secretary and other similar administrative costs.
[30] Cash-based management expenses are cash salary and cash bonuses paid/accrued for staff and management compensation.
[31] Share-based management expenses are share salary and share bonus expenses of management and staff.
[32] Fund type expenses include expenses such as audit and valuation fees, fees for legal advisors, Board compensation and corporate secretary costs.
[33] Management fee is the sum of cash-based and share-based operating expenses (excluding fund-type costs).

GCAP management fee expenses have a self-targeted cap of 2% of Georgia Capital's market capitalisation. The LTM management fee expense ratio was 2.6% at 30-Jun-22 (1.5%[34] as of 30-Jun-21). The total LTM operating expense ratio (which includes fund type expenses) was 3.9% at 30-Jun-22 (2.4%[34] at 30-Jun-21). The increase in the LTM management fee expense ratio and the total LTM operating expense ratio mainly reflect the movements in GCAP's market capitalisation.

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total investment return was negative GEL 46.7 million in 2Q22 and GEL 499.7 million in 1H22, reflecting the decrease in the value of listed and observable and private businesses, as described earlier in this report. We discuss valuation drivers for our businesses on pages 5-7. The performance of each of our private large and investment stage portfolio companies is discussed on pages 14-24.

GCAP's net foreign currency liability balance amounted to c.US$ 152 million (GEL 445 million) at 30-Jun-22. Net foreign currency gain was GEL 18.2 million in 2Q22 and GEL 14.4 million in 1H22. As a result of the movements described above, GCAP's adjusted IFRS *net loss* was GEL 16.4 million in 2Q22 and GEL 501.7 million in 1H22.

[34] Ratios are calculated based on period-end market capitalisation due to significant price fluctuations during the respective periods in light of COVID-19 and Russia-Ukraine war.

DISCUSSION OF PORTFOLIO COMPANIES' RESULTS (STAND-ALONE IFRS)

The following sections present the IFRS results and business development extracted from the individual portfolio company's IFRS accounts for large and investment stage entities, where 2Q22, 1H22, 2Q21 and 1H21 portfolio company's accounts and respective IFRS numbers are unaudited. We present key IFRS financial highlights, operating metrics and ratios along with the commentary explaining the developments behind the numbers. For the majority of our portfolio companies the fair value of our equity investment is determined by the application of an income approach (DCF) and a market approach (listed peer multiples and precedent transactions). Under the discounted cash flow (DCF) valuation method, fair value is estimated by deriving the present value of the business using reasonable assumptions of expected future cash flows and the terminal value, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the business. Under the market approach, listed peer group earnings multiples are applied to the trailing twelve months (LTM) stand-alone IFRS earnings of the relevant business. As such, the stand-alone IFRS results and developments driving the IFRS earnings of our portfolio companies are key drivers of their valuations within GCAP's financial statements. See "Basis of Presentation" on page 28 for more background.

LARGE PORTFOLIO COMPANIES

Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns a 77% equity interest through GHG[35], is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 35% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The pharmacy chain operates a total of 366 pharmacies, of which 358 are in Georgia, and 8 are in Armenia.

2Q22 & 1H22 performance (GEL '000), Retail (pharmacy)[36]

Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net	**192,100**	**199,020**	**-3.5%**	**390,902**	**372,817**	**4.9%**
Of which, retail	*149,739*	*142,923*	*4.8%*	*304,617*	*270,452*	*12.6%*
Of which, wholesale	*42,361*	*56,097*	*-24.5%*	*86,285*	*102,365*	*-15.7%*
Gross Profit	**55,745**	**49,927**	**11.7%**	**114,842**	**90,172**	**27.4%**
Gross profit margin	*29.0%*	*25.1%*	*3.9 ppts*	*29.4%*	*24.2%*	*5.2 ppts*
Operating expenses (ex. IFRS 16)	(37,896)	(29,780)	27.3%	(76,376)	(56,935)	34.1%
EBITDA (ex. IFRS 16)	**17,849**	**20,147**	**-11.4%**	**38,466**	**33,237**	**15.7%**
EBITDA margin, (ex. IFRS 16)	*9.3%*	*10.1%*	*-0.8 ppts*	*9.8%*	*8.9%*	*0.9 ppts*
Net profit (ex. IFRS 16)	**19,477**	**21,242**	**-8.3%**	**36,522**	**29,550**	**23.6%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (*ex. IFRS 16*)	**18,406**	**16,075**	**14.5%**	**35,212**	**13,553**	**NMF**
EBITDA to cash conversion	*103.1%*	*79.8%*	*23.3 ppts*	*91.5%*	*40.8%*	*50.7 ppts*
Cash flow used in investing activities[37]	**(25,278)**	**(3,806)**	**NMF**	**(45,672)**	**(5,627)**	**NMF**
Free cash flow, (ex. IFRS 16)[38]	**(17,780)**	**11,808**	**NMF**	**(19,744)**	**6,671**	**NMF**
Cash flow used in financing activities (*ex. IFRS 16*)	**24,863**	**(12,639)**	**NMF**	**15,166**	**(16,321)**	**NMF**

BALANCE SHEET HIGHLIGHTS	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Total assets	**532,014**	**516,303**	**3.0%**	**522,814**	**1.8%**
Of which, cash and bank deposits	58,230	41,007	42.0%	54,616	6.6%
Of which, securities and loans issued	14,464	24,037	-39.8%	20,922	-30.9%
Total liabilities	**480,294**	**475,523**	**1.0%**	**497,954**	**-3.5%**
Of which, borrowings	116,126	85,769	35.4%	89,844	29.3%
Of which, lease liabilities	111,051	112,012	-0.9%	104,613	6.2%
Total equity	**51,720**	**40,780**	**26.8%**	**24,860**	**NMF**

INCOME STATEMENT HIGHLIGHTS

- 2Q22 total revenue (down 3.5%) reflects the recalibration of product prices due to the GEL's appreciation against the basket of foreign currencies (the FX effect is directly transmitted into the pricing as c.70% of the inventory purchases are denominated in foreign currencies).
- The 24.5% decline in the wholesale business line in 2Q22 was due to the continuing gradual transfer of hospitals business' procurement department from pharma to hospitals (which began in January 2021). This also translated into a reduction in revenue from wholesale in 1H22.

[35] In October 2021, GHG signed a share purchase agreement to acquire the remaining 33% minority interest in its retail (pharmacy) business by 2027. The buyout will be executed in six annual tranches at a 5.25x EV/EBITDA multiple. For details, please see page 12 of our Annual Report 2021.
[36] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[37] Of which - capex of GEL 5.0 million in 2Q22 and GEL 13.8 million in 1H22 (GEL 4.3 million in 2Q21 and GEL 6.9 million in 1H21); acquisition of minority shares of GEL 31.2 million in 2Q22 and GEL 41.2 million in 1H22.
[38] Calculated by deducting capex and acquisition of subsidiaries from operating cash flows.

- The growth in retail revenues in both 2Q22 and 1H22 reflects improvement in economic activity and continued expansion of the pharmacy chain (adding 33 pharmacies over 12 months).
    - Retail revenue share in total revenue was 77.9% in 2Q22 and 1H22 (71.8% in 2Q21 and 72.5% in 1H21).
    - Revenue from para-pharmacy, as a percentage of retail revenue from the pharmacy, was 35.2% in 2Q22 and 34.9% in 1H22 (33.9% in 2Q21 and 34.3% in 1H21).
- Robust gross profit margins of 29.0% and 29.4% in 2Q22 and 1H22, respectively (up 3.9 ppts and 5.2 ppts y-o-y, respectively), reflect the increased sales of high-margin para-pharmacy products in the retail business line, as well as growing profitability of the wholesale business line notwithstanding the y-o-y revenue reduction.
    - Gross margin growth was supported by increased marketing activities as well as the strong economic recovery compared to 2021, when due to the increased competition and the general macro backdrop business margins were significantly subdued.
- Negative operating leverage (operating expenses up 27.3% in 2Q22 and up 34.1% in 1H22) reflects increases in salary, marketing and utility expenditures associated with the openings of new pharmacies and The Body Shop stores in Azerbaijan and Armenia. Salary expense growth also reflects the base effect impact of the state income tax subsidy for low-salary range employees which was in effect in 1H21 (the subsidy was in place from May 2020 - June 2021).
- EBITDA margins stood at 9.3% in 2Q22 (down 0.8 ppts y-o-y) and 9.8% in 1H22 (up 0.9 ppts y-o-y), exceeding the targeted 9%+ in both periods. Excluding the impact of the state income tax subsidy in 2021, EBITDA margins (excl. IFRS 16) were down 0.2 ppts in 2Q22 and up 1.6 ppts in 1H22, y-o-y.
- Interest expense was down 39.9% in 2Q22 and down 38.8% in 1H22 y-o-y, due to the low average balance of net debt during the quarter.
- Overall, the business posted GEL 19.5 million net profit excluding IFRS 16 in 2Q22 and GEL 36.5 million in 1H22.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt increased at the end of the 2Q22 (up 109.6% q-o-q) to GEL 43.4 million, reflecting the payment of GEL 31.2 million to complete the buyout of a 10% minority stake (valued at GEL 41.2 million, of which GEL 10.0 million was paid in 1Q22), in line with the buyout scheme announced in 2021 (the remaining 23% minority stake to be acquired in stages through 2027).
- Strong cash flow from operating activities, in line with the enhanced revenue streams - with a 103.1% EBITDA to cash conversion ratio in 2Q22 and 91.5% in 1H22.
- Increased cash outflows from investing activities reflect a) payment to minorities to buyout a 10% minority share, as mentioned above, b) increased capex investments attributable to the implementation of a new core IT system discussed below (GEL 5.2 million in 1H22), c) launch of new projects such as new format pharmacies, The Body Shop stores in Armenia and Azerbaijan, and d) regular expansion of the chain in Georgia.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Added 33 pharmacies over the last 12 months, 29 in Georgia and 4 in Armenia, expanding from 333 to 366 stores.
- Entered Azerbaijan market and opened the first The Body Shop store in Baku in 2Q22.
- Added a second The Body Shop store in Armenia in June 2022.
- Due to the expansion of local business as well as opening new pharmacies internationally (currently in Armenia), the business is upgrading its core IT system with SAP, which enables the company to implement a more efficient operating system for the warehouse, decrease operational risks and improve the day-to-day inventory management process. The implementation process will last approximately a year and a half, ending in June 2023, with the total estimated cost at around USD 3.2 million.
- Retail (Pharmacy)'s key operating performance highlights for 2Q22 and 1H22 are noted below:

Unaudited	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Same store revenue growth	*-1.6%*	*26.3%*	*NMF*	*5.0%*	*8.6%*	*-3.6 ppts*
Number of bills issued (mln)	*7.4*	*7.2*	*3.0%*	*15.0*	*13.7*	*9.5%*
Average bill size (GEL)	*18.7*	*18.5*	*0.9%*	*18.9*	*18.8*	*0.8%*

Discussion of Hospitals Business Results

The hospitals business, where GCAP owns a 100% equity interest through GHG, is the largest healthcare market participant in Georgia, comprised of 16 referral hospitals with a total of 2,524 beds, providing secondary and tertiary level healthcare services across Georgia.

2Q22 & 1H22 performance (GEL '000), Hospitals[39]

Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net[40]	**72,483**	**81,053**	**-10.6%**	**149,557**	**151,749**	**-1.4%**
Gross Profit	**26,576**	**32,888**	**-19.2%**	**54,353**	**62,540**	**-13.1%**
Gross profit margin	*36.1%*	*40.2%*	*-4.1 ppts*	*35.8%*	*40.9%*	*-5.1 ppts*
Operating expenses (ex. IFRS 16)	(13,118)	(12,716)	3.2%	(25,805)	(23,521)	9.7%
EBITDA (ex. IFRS 16)	**13,458**	**20,172**	**-33.3%**	**28,548**	**39,019**	**-26.8%**
EBITDA margin (ex. IFRS 16)	*18.3%*	*24.6%*	*-6.3 ppts*	*18.8%*	*25.5%*	*-6.7 ppts*
Net profit (ex. IFRS 16) [41]	**1,767**	**10,513**	**-83.2%**	**4,784**	**17,156**	**-72.1%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**4,027**	**14,855**	**-72.9%**	**14,616**	**18,799**	**-22.3%**
EBITDA to cash conversion (ex. IFRS 16)	*29.9%*	*73.6%*	*-43.7 ppts*	*51.2%*	*48.2%*	*3.0 ppts*
Cash flow used in investing activities[42]	**2,375**	**(3,992)**	**NMF**	**1,313**	**(14,183)**	**NMF**
Dividends and intersegment loans issued/received	**2,817**	**12,137**	**-76.8%**	**999**	**18,441**	**-94.6%**
Free cash flow (ex. IFRS 16)[43]	**5,637**	**8,208**	**-31.3%**	**14,248**	**1,656**	**NMF**
Cash flow used from financing activities (ex. IFRS 16)	**(25,570)**	**(28,274)**	**-9.6%**	**(45,899)**	**(44,656)**	**2.8%**

BALANCE SHEET HIGHLIGHTS	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Total assets	**610,602**	**642,241**	**-4.9%**	**658,071**	**-7.2%**
Of which, cash balance and bank deposits	15,958	33,625	-52.5%	46,131	-65.4%
Of which, securities and loans issued	11,120	12,763	-12.9%	11,678	-4.8%
Total liabilities	**247,151**	**275,377**	**-10.2%**	**293,428**	**-15.8%**
Of which, borrowings	185,298	210,521	-12.0%	223,433	-17.1%
Total equity	**363,451**	**366,864**	**-0.9%**	**364,643**	**-0.3%**

KEY POINTS

Over the course of the last two years, the hospitals business was actively engaged in supporting the COVID-19 pandemic response in Georgia and had mobilised 7 hospitals to receive COVID patients, with a total aggregate number of c.800 beds across the country. The Government of Georgia fully reimbursed costs associated with COVID-19 treatments and paid a fixed fee amount per bed designated for COVID patients. As the COVID cases declined substantially in Georgia starting from 2022, the Government suspended the COVID contracts with hospitals in mid-March 2022. Restructuring the cost base of COVID hospitals, and phasing out from Government contracts, temporarily suppressed the business margins in 2Q22 and 1H22.

INCOME STATEMENT HIGHLIGHTS

- As anticipated, after coming out from the COVID period, 2Q22 revenue was down 10.6% y-o-y (down 1.4% y-o-y in 1H22), reflecting a decrease in the number of admissions and occupancy rate. After a transition period the business expects a return to normal and a rebounding trend in top-line growth in the coming quarters.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates[44]:
  - Building its own procurement department for hospitals as well as phasing from COVID, translated into an improved materials rate of 18.4% in 2Q22 (21.5% in 2Q21) and 19.1% in 1H22 (20.6% in 1H21).
  - Due to the lower base effect resulting from the state income tax subsidy for low salary range employees in effect during 1H21, as well as the suspension of COVID hospitals' contracts in March (COVID hospitals had mainly a fixed direct salary structure), the direct salary rate was up 6.0 ppts to 36.1% in 2Q22 and up 5.1 ppts to 35.2% in 1H22. After restructuring the COVID hospitals to a normal operating level, the salary rate is expected to stabilise over the next few quarters.
  - Utilities and other costs were up in 2022, mainly resulting from increased tariffs on utilities, as well as globally increased fuel prices.
- As a result, the gross margins were down 4.1 ppts and 5.1 ppts in 2Q22 and 1H22 respectively. Adjusted for the impact of the state income tax subsidy, the gross profit margin was down 1.9 ppts in 2Q22 and 2.8 ppts in 1H22 y-o-y.
- Negative operating leverage reflects the increases in:
  - Administrative salary expense during the quarter, up 1.0% in 2Q22 and up 6.0% in 1H22 y-o-y, which was in line with the organic growth of the hospitals business; and

[39] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[40] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.
[41] 2Q22 and 1H22 numbers are adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.
[42] Of which - capex of GEL 5.3 million in 2Q22 and GEL 9.1 million in 1H22 (GEL 6.6 million in 2Q21 and GEL 10.9 million in 1H21); payment of holdback of GEL 6.2 million in 1H22; and proceeds from sale of PPE/subsidiary of GEL 6.9 million in 2Q22 and GEL 8.7 million in 1H22.
[43] Operating cash flows less capex, less acquisition of subsidiaries / payment of holdback, plus net proceeds on sale of PPE/subsidiary.
[44] The respective costs divided by gross revenues.

  - General and administrative expenses (excl. IFRS 16), up 32.8% in 2Q22 and up 30.8% in 1H22, mainly reflecting increased marketing costs due to the promotion of the new products and services to get back on track after phasing out from COVID programmes.
- The increased cost base in 1H22 resulted in the reduced EBITDA (excl. IFRS 16) and EBITDA margins (down 6.3 ppts in 2Q22 and down 6.7 ppts in 1H22 y-o-y). Reduced EBITDA margins (excl. IFRS 16), also reflect the base effect of the state income tax subsidy in 2Q21 and 1H21 (GEL c.1.7 million and c.3.5 million impact in 2Q21 and 1H21, respectively); Excluding the impact of state income tax subsidy, EBITDA margins (excl. IFRS 16) were down by 4.2 ppts in 2Q22 and by 4.4 ppts in 1H22, y-o-y.
- Increased interest rates (NBG refinancing rate up 1.5 ppts in the last twelve months) led to an increase in net interest expense (excl. IFRS 16) in 2Q22 and 1H22, up by 13.7% in 2Q22 and by 15.0% in 1H22 y-o-y.
- Overall, the business posted GEL 1.8 million net profit excluding IFRS 16 in 2Q22 and GEL 4.8 million in 1H22.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Cash flow from operating activities (excl. IFRS 16) was down in 2Q22, due to the phasing out of Government COVID programmes, the payment term of which was payable within a month of origination, while the universal healthcare coverage ("UHC") collection period is around four months. The transition period resulted in a weak cash collection period for the quarter with a 29.9% EBITDA to cash conversion rate (excl. IFRS 16) in 2Q22, which is anticipated to recover over the next few quarters.
- Capex investment was GEL 5.3 million in 2Q22 and GEL 9.1 million in 1H22, mainly reflecting maintenance capex.
- Net debt was at GEL 158.2 million as of 30-Jun-22 (down 3.6% q-o-q), reflecting the currency movements.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- In April 2022, the hospitals business sold 100% equity interest in one of the low ROIC generating hospitals – Traumatology Hospital, for US$ 2.9 million. The transaction is in line with the business strategy to divest from low ROIC generating assets. The divestment improves the hospitals business' ROIC by 20 bps.
- Suspension of government contracts also translated into a reduction in occupancy rates and the number of admissions. The business key operating performance highlights for 2Q22 and 1H22 are noted below:

Unaudited	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Occupancy rate	*57.9%*	*66.2%*	*-8.3 ppts*	*59.9%*	*62.0%*	*-2.1 ppts*
Number of admissions (thousands)	*301.7*	*314.9*	*-4.2%*	*616.4*	*550.0*	*12.1%*

Discussion of Insurance (P&C and Medical) Business Results

The insurance business comprises a) Property and Casualty (P&C) insurance business, owned through Aldagi and b) medical insurance business, owned through GHG. P&C insurance business is a leading player in the local insurance market with a 20.3% market share in property and casualty insurance based on gross premiums as of 31-Mar-22. P&C also offers a variety of non-property and casualty products, such as life insurance. Medical is the country's largest private health insurer, with a 22.5% market share based on FY21 net insurance premiums. Medical Insurance offers a variety of health insurance products primarily to corporate and (selectively) to state entities and also to retail clients in Georgia. GCAP owns a 100% equity stake in both insurance businesses.

2Q22 & 1H22 performance (GEL '000), Insurance (P&C and Medical)[45]

Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Earned premiums, net	42,302	38,700	9.3%	81,464	74,678	9.1%
Net underwriting profit	11,288	10,143	11.3%	22,089	20,453	8.0%
Net investment profit	2,285	2,650	-13.8%	3,994	4,973	-19.7%
Net profit	4,735	4,343	9.0%	9,110	9,748	-6.5%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	13,079	1,648	NMF	15,131	10,086	50.0%
Free cash flow	**12,243**	**1,074**	**NMF**	**13,715**	**9,068**	**51.2%**
BALANCE SHEET HIGHLIGHTS	**30-Jun-22**	**31-Mar-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	297,154	278,392	6.7%	267,627	11.0%	
Total equity	114,581	119,836	-4.4%	116,464	-1.6%	

[45] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

TOTAL INSURANCE BUSINESS HIGHLIGHTS

P&C and medical insurance have a broadly equal share in total revenues, while the combined net profit of GEL 4.7 million in 2Q22 was fully attributable to P&C (97.6% share in total net profit in 1H22). The loss ratio was down by 1.7 ppts and the expense ratio was up by 2.6 ppts y-o-y in 2Q22 (down 0.7 ppts and up 1.7 ppts y-o-y in 1H22, respectively), translating into 0.9 ppts y-o-y increase in the combined ratio (up 0.9 ppts y-o-y in 1H22). Net profit was up by 9.0% y-o-y in 2Q22 (down 6.5% y-o-y in 1H22). As a result, ROAE was 18.2% in 2Q22 (16.9% in 2Q21) and 18.0% in 1H22 (19.0% in 1H21).

Discussion of results, P&C Insurance

GEL '000 (unaudited)

INCOME STATEMENT HIGHLIGHTS	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Earned premiums, net	24,278	20,774	16.9%	45,983	39,481	16.5%
Net underwriting profit	9,943	8,133	22.3%	18,401	15,332	20.0%
Net investment profit	1,175	1,946	-39.6%	2,117	3,560	-40.5%
Net profit	4,919	4,175	17.8%	8,890	8,348	6.5%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	12,653	1,773	NMF	16,071	9,061	77.4%
Free cash flow	**12,083**	**1,334**	**NMF**	**15,019**	**8,210**	**82.9%**
BALANCE SHEET HIGHLIGHTS	**30-Jun-22**	**31-Mar-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	199,155	177,917	11.9%	188,805	5.5%	
Total equity	81,316	86,411	-5.9%	84,234	-3.5%	

INCOME STATEMENT HIGHLIGHTS

- Net premiums written were up by 25.6% y-o-y in 2Q22 (up by 9.3% y-o-y in 1H22), translated into increased earned premiums net in 2Q22 and 1H22.
  - Credit life insurance revenues up by GEL 1.7 million y-o-y in 2Q22 (up by GEL 3.0 million y-o-y in 1H22), resulted from growth in the banking sector.
  - Credit unemployment insurance revenues up by GEL 0.7 million y-o-y in 2Q22 (up by GEL 1.3 million y-o-y in 1H22), also attributable to the banking sector growth.
  - Agricultural insurance revenues up by GEL 0.8 million y-o-y in 2Q22 (up by GEL 0.8 million y-o-y in 1H22), driven by doubled Agro insurance written premiums from GEL 6 million in 1H21 to GEL 12 million in 1H22. Many market players have dropped out from selling Agro insurance due to difficulties in obtaining reinsurance and a lack of expertise in claims settlement.
  - Border MTPL revenues increased by GEL 0.4 million y-o-y in 2Q22 (up by GEL 0.5 million y-o-y in 1H22), driven by the significant acceleration of the recovery in tourism in 2Q22. Border MTPL revenues amounted to 102% of the 2Q19 level and 90% of the 1H19 level.
- P&C Insurance's key performance ratios for 2Q22 and 1H22 are noted below:

Unaudited

Key	**2Q22**	**2Q21**	***Change***	**1H22**	**1H21**	***Change***
Combined	79.6%	80.2%	*-0.6 ppts*	80.9%	82.0%	*-1.1 ppts*
Expense	33.6%	30.8%	*2.8 ppts*	33.6%	32.5%	*1.1 ppts*
Loss ratio	46.0%	49.4%	*-3.4 ppts*	47.3%	49.5%	*-2.2 ppts*
ROAE[46]	27.7%	23.0%	*4.7 ppts*	25.7%	23.4%	*2.3 ppts*

- The combined ratio decreased by 0.6 ppts y-o-y in 2Q22 (down by 1.1 ppts y-o-y in 1H22) and reflects:
  - Improvement in loss ratios for the respective periods, which is mainly attributable to robust revenue growth. Reduction in COVID-19-related credit life insurance claims also positively contributed to the improved loss ratios. The volume of COVID-19-related credit life insurance claims incurred in 2Q22 and 1H22 amounts to GEL 0.1 million (GEL 1.0 million in 2Q21) and GEL 1.0 million (GEL 2.5 million in 1H21), respectively and represents 4% and 15% of total life insurance claims (27% in 2Q21 and 37% in 1H21).
  - An increase in the 2Q22 and 1H22 expense ratios predominantly resulting from the increase in salary and other operating expenditures in line with the business growth.
- Improvement in the underwriting profit in 2Q22 and 1H22 is explained by revised underwriting practices, namely price segmentation in retail Motor insurance portfolio, as well as the improved loss ratio in the credit life insurance line due to the COVID-19 recovery.
- P&C Insurance's net investment profit was down 39.6% y-o-y in 2Q22 and down by 40.5% y-o-y in 1H22, mainly due to a loss incurred on investments placed in publicly traded securities in Eastern Europe, Russia and Ukraine.

[46] Calculated based on average equity, adjusted for preferred shares.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- P&C Insurance's solvency ratio was 161% as of 30 June 2022, significantly above the required minimum of 100%.
- The operating cash flow increase in 2Q22 and 1H22 is mainly associated with higher underwriting cash flows of the business, as well as the time gap between cash inflows on Agro insurance premiums and respective cash outflows to reimburse reinsurer's share in Agro.
- GEL 7.4 million dividends were paid to GCAP in 2Q22 on the back of strong cash flow generation.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- With its 20.3% market share in the local insurance market, P&C remained the largest player, although market share was down by 5.7 ppts y-o-y due to the decision not to participate in Government-related tenders, which are characterised by remarkably higher loss ratios.

Discussion of results, Medical Insurance

GEL '000 (unaudited)						
INCOME STATEMENT HIGHLIGHTS	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Earned premiums, net	18,024	17,926	0.5%	35,481	35,197	0.8%
Net underwriting profit	1,345	2,010	-33.1%	3,688	5,121	-28.0%
Net investment profit	1,110	704	57.7%	1,877	1,413	32.8%
Net profit	(184)	168	NMF	220	1,400	-84.3%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	426	(125)	NMF	(940)	1,025	NMF
Free cash flow	**160**	**(260)**	**NMF**	**(1,304)**	**858**	**NMF**
BALANCE SHEET HIGHLIGHTS	**30-Jun-22**	**31-Mar-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	97,999	100,475	-2.5%	78,822	24.3%	
Total equity	33,265	33,425	-0.5%	32,230	3.2%	

VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The number of insured clients was c.160,000 as of 30-June-22, down 4.9% y-o-y, reflecting price increases for insurance policies implemented by the business.
- The insurance renewal rate was also down 6.4 ppts to 70.5% in 2Q22 and down 3.6 ppts to 70.5% in 1H22.
- Various incentives such as the direct settlement of claims with the provider mean that, on top of its own contribution to GHG's profitability (which was slightly negative in 2Q22), the medical insurance business plays a feeder role in originating and directing patients to GHG's healthcare facilities, mainly to polyclinics and to pharmacies but to a lesser extent also to hospitals. Direct settlement improves claims retention rates within GHG.

Unaudited

Claims retention rates	**2Q22**	**2Q21**	***Change***	**1H22**	**1H21**	***Change***
Total claims retained within the GHG	38.9%	36.5%	*2.4 ppts*	37.5%	36.2%	*1.3 ppts*
Total claims retained in outpatient	43.0%	36.4%	*6.6 ppts*	40.3%	37.6%	*2.7 ppts*

INCOME STATEMENT HIGHLIGHTS

- The modest c.1% y-o-y increase in 2022 earned premiums net, reflects the combined effect of an increase in the price of insurance policies (c.5%) and a decrease in the number of insured clients for the same period.
- In 1H22, the net claims expenses were GEL 30.1 million (up 5.6% y-o-y), of which GEL 12.9 million (42.9% of total) was inpatient, GEL 11.2 million (37.2 % of total) was outpatient and GEL 6.0 million (19.9% of total) was related to pharmaceuticals.
- A rebounding trend in elective healthcare services, compared to patient footprint slowdown at healthcare facilities last year due to the pandemic, as well as increased claims in the first two quarters of 2022, resulted in an increased loss ratio, being up 3.5 ppts to 87.5% in 2Q22 and up 3.8 ppts to 84.8% in 1H22.
- As a result, the combined ratio increased by 4.8 ppts y-o-y to 106.7% for the quarter and by 4.8 ppts to 103.8% for the half year.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The operating cash flow decline in 1H22 is associated with the state prepaying insurance policy fees on some of its largest contracts in 4Q21 in the preceding quarter and a corresponding decrease in 1Q22.

INVESTMENT STAGE PORTFOLIO COMPANIES

Discussion of Renewable Energy Business Results

The renewable energy business operates three wholly-owned commissioned renewable assets: 30MW Mestiachala HPP, 20MW Hydrolea HPPs and 21MW Qartli wind farm. In addition, a pipeline of up to 172MW renewable energy projects is in an advanced stage of development. The renewable energy business is 100% owned by Georgia Capital.

2Q22 & 1H22 performance (GEL '000), Renewable Energy[47]

Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Revenue	**12,834**	**13,897**	**-7.6%**	**19,244**	**20,432**	**-5.8%**
of which, PPA	*5,442*	*8,242*	*-34.0%*	*11,397*	*14,776*	*-22.9%*
of which, Non-PPA	*7,392*	*5,656*	*30.7%*	*7,847*	*5,656*	*38.7%*
Operating expenses	(2,311)	(2,719)	-15.0%	(5,017)	(5,570)	-9.9%
EBITDA	**10,523**	**11,178**	**-5.9%**	**14,227**	**14,862**	**-4.3%**
EBITDA margin	*82.0%*	*80.4%*	*1.6 ppts*	*73.9%*	*72.7%*	*1.2 ppts*
Net profit/(loss)	**1,165**	**1,693**	**-31.2%**	**(8,689)**	**(4,429)**	**96.2%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities	**7,766**	**8,275**	**-6.2%**	**11,262**	**9,998**	**12.6%**
Cash flow used in investing activities	**(106)**	**(4,594)**	**-97.7%**	**(7,032)**	**(16,467)**	**-57.3%**
Cash flow used in financing activities	**(9,115)**	**(3,309)**	**NMF**	**(22,235)**	**(18,088)**	**22.9%**
Dividends paid out	*(2,054)*	*(4,732)*	*-56.6%*	*(4,225)*	*(9,471)*	*-55.4%*
BALANCE SHEET HIGHLIGHTS	**30-Jun-22**	**31-Mar-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	**366,225**	**392,589**	**-6.7%**	**405,932**	**-9.8%**	
Of which, cash balance	21,120	23,671	-10.8%	40,499	-47.9%	
Of which, marketable securities	10,496	11,155	-5.9%	8,122	29.2%	
Total liabilities	**290,026**	**312,191**	**-7.1%**	**314,469**	**-7.8%**	
Of which, borrowings	281,934	300,041	-6.0%	305,536	-7.7%	
Total equity	**76,199**	**80,398**	**-5.2%**	**91,463**	**-16.7%**	

INCOME STATEMENT HIGHLIGHTS

- In US$ terms, 2Q22 revenue increased by 2.3% y-o-y (up 3.6% y-o-y in 1H22). A 7.6% decrease in revenue in GEL terms reflects the impact of GEL's appreciation against US$.
  - The average electricity selling price for the business reached 48.7 US$/MWh in 2Q22 (52.1 US$/MWh in 1H22), compared to 43.3 US$/MWh in 2Q21 (47.7 US$/MWh in 1H21).
  - The average market selling price (excluding PPAs) reached 42.1 US$/MWh in 2Q22, up by 36.9% y-o-y (42.7 US$/MWh in 1H22, up by 33% y-o-y)
  - A 9.1% and 5.1% y-o-y decrease in 2Q22 and 1H22 electricity generation, respectively, was related to the better environmental conditions in 1H21. The average efficiency rate stood at c.57% and c.40% in 2Q22 and 1H22, respectively.
- Approximately 42% of electricity sales during 2Q22 (c.59% in 1H22) were covered by long-term fixed-price power purchase agreements (PPAs) formed with a Government-backed entity. In 2Q22, revenue from the PPA sales decreased by 34.0% y-o-y (22.9% y-o-y decrease in 1H22) mainly due to the expiration of the government PPA with Akhmeta HPP (part of Hydrolea).

Revenue and generation breakdown by power assets:

Unaudited	2Q22				1H22			
GEL '000, unless otherwise noted	**Revenue from electricity sales**	***Change y-o-y***	**Electricity generation (MWh)**	***Change y-o-y***	**Revenue from electricity sales**	***Change y-o-y***	**Electricity generation (MWh)**	***Change y-o-y***
30MW Mestiachala HPP	4,236	*-3.6%*	33,762	*-15.9%*	4,513	*-2.4%*	35,389	*-14.5%*
21MW Qartli wind farm	3,970	*-20.9%*	20,495	*-12.6%*	7,815	*-16.3%*	39,586	*-8.5%*
20MW Hydrolea HPPs	4,628	*3.1%*	34,296	*1.4%*	6,916	*6.8%*	47,523	*6.9%*
Total	**12,834**	***-7.7%***	**88,553**	***-9.1%***	**19,244**	***-5.8%***	**122,498**	***-5.1%***

- A 15.0% y-o-y decrease in operating expenses (down 9.9% y-o-y in 1H22), mainly reflects the GEL appreciation against the US dollar as well as lower costs associated with operating taxes and insurance expenses.
- As a result, in US$ terms, 2Q22 EBITDA increased by 4.4% y-o-y (up 5.6% y-o-y in 1H22).

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The decrease in 2Q22 operating cash flow was related to GEL's appreciation against US$ as well as higher amounts of advances paid in 2Q22.
- A y-o-y decrease in investing cash flows was mainly driven by significantly lower capex both in 2Q22 and 1H22 as well as lower allocation of funds to short-term financial securities in 1H22 (GEL 3.1 million in 1H22 vs GEL 8.3 million in 1H21).
- An increase in cash outflow from financing activities in 2Q22 and 1H22 was mainly attributable to a GEL 7.0 million GGU Eurobond buybacks, as some of the bondholders exercised their put option under US$ 250 million Eurobonds, right before

[47] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

April 2022 deadlines. Renewable Energy made a dividend distribution of GEL 2.1 million in 2Q22 (GEL 4.2 million in 1H22). As a result, the cash balance of the business was down to GEL 21.1 million as of 30-Jun-22.

Discussion of Education Business Results

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

2Q22 & 1H22 performance (GEL '000), Education[48]

Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Revenue	**11,351**	**8,804**	**28.9%**	**22,154**	**16,240**	**36.4%**
Operating expenses	(6,879)	(5,068)	35.7%	(13,365)	(9,756)	37.0%
EBITDA	**4,472**	**3,736**	**19.7%**	**8,789**	**6,484**	**35.5%**
EBITDA Margin	*39.4%*	*42.4%*	*-3.0 ppts*	*39.7%*	*39.9%*	*-0.2 ppts*
Net income	**4,588**	**4,376**	**4.8%**	**8,479**	**5,789**	**46.5%**
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	8,833	6,003	47.1%	10,517	7,579	38.8%
Net cash flows used in investing activities	(5,766)	(5,077)	13.6%	(8,201)	(11,845)	-30.8%
Net cash flows from financing activities	1,721	1,159	48.5%	2,627	6,872	-61.8%
BALANCE SHEET HIGHLIGHTS	**30-Jun-22**	**31-Mar-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	**151,303**	**141,052**	**7.3%**	**138,080**	**9.6%**	
Of which, cash	13,503	9,156	47.5%	9,096	48.4%	
Total liabilities	**54,930**	**49,574**	**10.8%**	**51,764**	**6.1%**	
Of which, borrowings	25,288	25,402	-0.4%	25,585	-1.2%	
Total equity	**96,373**	**91,478**	**5.4%**	**86,316**	**11.7%**	

INCOME STATEMENT HIGHLIGHTS

- The increase in 2Q22 and 1H22 revenues was attributable to:
  - Organic growth of 21.9% and 29.2% in 2Q22 and 1H22, respectively, which was driven by a combination of higher total enrolments, an increase in average fee per learner and a shift in academic days. Growth in average fee per learner was supported by tuition fee increases via contract renewals in line with grade-level progression for existing learners and enrolments of new learners.
  - The expansion of the affordable segment through the acquisition and launch of a new campus, which contributed 7.0% and 7.2% to the y-o-y revenue growth in 2Q22 and 1H22, respectively.
- Operating expenses were up by 35.7% y-o-y 2Q22 (up 37.0% y-o-y in 1H22), reflecting:
  - The expansion in the affordable segment, contributing 9.9% to the y-o-y increase in 2Q22 (10.8% in 1H22);
  - The remaining 25.9% y-o-y increase in 2Q22 (26.2% y-o-y increase in 1H22) was attributable mainly to the increased salary and utilities expenses. The growth of the operating expenses in 1H22 also reflects a higher number of on-campus learning days compared to 1H21.
- EBITDA was up by 19.7% in 2Q22 (up 35.5% y-o-y in 1H22), reflecting the strong business performance. EBITDA margin remained largely flat at 39.4% (down by 3.0 ppts y-o-y in 2Q22 and down by 0.2 ppts to 39.7% in 1H22), notwithstanding the addition of two new campuses in the affordable segment, which are in early ramp up stages and currently have low utilisation rates of 23.0%.
- The business posted a net income of GEL 4.6 and 8.5 million in 2Q22 and 1H22, respectively, reflecting strong performance of the business supported by the FX gains on the foreign currency denominated debt.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Strong cash collection rates (at 96.7% as of 30-Jun-22, exceeding last year's 95.3%), combined with enhanced revenue streams, led to a 47.1% and 38.8% y-o-y increase in operating cash flow generation in the business in 2Q22 and 1H22, respectively.
- GEL 8.2 million cash outflow on investing activities in 1H22 reflects investments in capacity expansion of the operational campuses of Buckswood by 240 learners (midscale segment) and British-Georgian Academy by 350 learners (premium segment). Construction is expected to be completed before the start of the next academic year (September 2022).

[48] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Overall, the total number of learners was up by 26.0% y-o-y to 3,230 learners as of 30-Jun-22.
- The utilisation rate for the existing capacity (i.e. excluding the new capacity addition of 2,250 learners in 2021) was 96.5%, up by 5.3 ppts y-o-y and up by 0.6 ppts q-o-q as of 30-Jun-22.
- Utilisation of the newly added capacity of 2,250 learners was 23.0% as of 30-Jun-22.
- Starting September 2022, BGA (premium segment school) will switch from the current Georgian curriculum to International Baccalaureate (IB) curriculum. IB is a global leader in international education that offers high-quality educational programmes to more than 2 million learners aged 3 to 19 internationally. Through the introduction of the IB curriculum, BGA's offering will be more tailored towards existing demand on the market. Currently, BGA is a candidate school pursuing authorisation as an IB World School.

Discussion of Clinics and Diagnostics Business Results

The clinics and diagnostics business, where GCAP owns a 100% equity interest through GHG, is the second largest healthcare market participant in Georgia after our hospitals business. The business comprises two segments: 1) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient services); 17 polyclinics (providing outpatient diagnostic and treatment services) and 18 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – "Mega Lab".

2Q22 & 1H22 performance (GEL '000), Clinics and Diagnostics[49]

Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net[50]	**17,795**	**22,644**	**-21.4%**	**43,723**	**42,260**	**3.5%**
Of which, clinics	*15,188*	*16,613*	*-8.6%*	*34,795*	*31,919*	*9.0%*
Of which, diagnostics	*3,937*	*7,645*	*-48.5%*	*11,765*	*13,192*	*-10.8%*
Of which, inter-business eliminations	*(1,330)*	*(1,614)*	*-17.6%*	*(2,837)*	*(2,851)*	*-0.5%*
Gross Profit	**7,546**	**11,176**	**-32.5%**	**17,999**	**19,830**	**-9.2%**
Gross profit margin	*42.2%*	*49.0%*	*-6.8 ppts*	*41.0%*	*46.7%*	*-5.7 ppts*
Operating expenses (ex. IFRS 16)	(5,247)	(5,115)	2.6%	(10,980)	(9,553)	14.9%
EBITDA (ex. IFRS 16)	**2,299**	**6,061**	**-62.1%**	**7,019**	**10,277**	**-31.7%**
EBITDA margin (ex. IFRS 16)	*12.9%*	*26.6%*	*-13.7 ppts*	*16.0%*	*24.2%*	*-8.2 ppts*
Net (loss)/profit (ex. IFRS 16)	**(1,230)**	**3,234**	**NMF**	**352**	**4,311**	**-91.8%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**1,712**	**3,730**	**-54.1%**	**2,788**	**4,083**	**-31.7%**
EBITDA to cash conversion (ex. IFRS 16)	*74.5%*	*61.5%*	*13.0 ppts*	*39.7%*	*39.7%*	*NMF*
Cash flow from/used in investing activities	**(4,000)**	**(2,406)**	**66.3%**	**(6,442)**	**(3,899)**	**65.2%**
Free cash flow (ex. IFRS 16)[51]	**(2,325)**	**1,437**	**NMF**	**(3,638)**	**264**	**NMF**
Cash flow from financing activities (ex. IFRS 16)	**440**	**(11,209)**	**NMF**	**(903)**	**(2,983)**	**-69.7%**

BALANCE SHEET HIGHLIGHTS	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Total assets	**187,735**	**184,281**	**1.9%**	**178,592**	**5.1%**
Of which, cash balance and bank deposits	1,719	3,595	-52.2%	6,292	-72.7%
Of which, securities and loans issued	3,564	3,643	-2.2%	3,699	-3.6%
Total liabilities	**88,211**	**84,278**	**4.7%**	**80,613**	**9.4%**
Of which, borrowings	55,265	51,062	8.2%	50,854	8.7%
Total equity	**99,524**	**100,003**	**-0.5%**	**97,979**	**1.6%**

Discussion of results, Clinics

KEY POINTS

The clinics business was actively engaged in supporting the COVID-19 pandemic response in Georgia, allocating 12 community clinics, with a total c.300 beds across the country. The Government of Georgia fully reimbursed costs associated with COVID-19 treatments and paid a fixed fee amount per bed designated for COVID patients. In March 2022, similarly to the hospitals business, the Government suspended the COVID contracts with clinics which temporarily suppressed the business' margins and revenue. These are expected to get back to normal operating levels after passing through the COVID transition period.

[49] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[50] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.
[51] Operating cash flows less capex.

GEL '000 (unaudited)

INCOME STATEMENT HIGHLIGHTS	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net[52]	**15,188**	**16,613**	**-8.6%**	**34,795**	**31,919**	**9.0%**
Gross Profit	**6,763**	**7,621**	**-11.3%**	**14,940**	**14,642**	**2.0%**
Gross profit margin	*44.3%*	*45.5%*	*-1.2 ppts*	*42.7%*	*45.5%*	*-2.8 ppts*
Operating expenses (ex. IFRS 16)	(4,349)	(4,052)	7.3%	(8,881)	(7,854)	13.1%
EBITDA (ex. IFRS 16)	**2,414**	**3,569**	**-32.4%**	**6,059**	**6,788**	**-10.7%**
EBITDA margin (ex. IFRS 16)	*15.8%*	*21.3%*	*-5.5 ppts*	*17.3%*	*21.1%*	*-3.8 ppts*
Net (loss)/profit (ex. IFRS 16)	**(808)**	**1,092**	**NMF**	**24**	**1,498**	**-98.4%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**2,146**	**3,304**	**-35.0%**	**3,569**	**5,411**	**-34.0%**
EBITDA to cash conversion (ex. IFRS 16)	*88.9%*	*92.6%*	*-3.7 ppts*	*58.9%*	*79.7%*	*-20.8 ppts*
Cash flow used in investing activities[53]	**(3,728)**	**(1,798)**	**NMF**	**(5,831)**	**(2,908)**	**NMF**
Free cash flow (ex. IFRS 16)[54]	**(1,602)**	**1,475**	**NMF**	**(2,209)**	**2,376**	**NMF**
Cash flow from financing activities (ex. IFRS 16)	**778**	**(11,329)**	**NMF**	**(257)**	**(2,943)**	**-91.3%**

BALANCE SHEET HIGHLIGHTS	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Total assets	**160,024**	**152,842**	**4.7%**	**147,368**	**8.6%**
Of which, cash balance and bank deposits	613	1,447	-57.6%	3,149	-80.5%
Of which, securities and loans issued	3,823	3,897	-1.9%	3,947	-3.1%
Total liabilities	**80,702**	**73,587**	**9.7%**	**69,387**	**16.3%**
Of which, borrowings	51,228	46,766	9.5%	46,417	10.4%
Total equity	**79,322**	**79,255**	**0.1%**	**77,981**	**1.7%**

INCOME STATEMENT HIGHLIGHTS

- In 2Q22 revenues were down due to the decreased traffic at polyclinics and clinics, as a result of the suspension of COVID contracts in March 2022. Top line growth is expected to rebound over the next few quarters, as the business passes through the COVID transition period.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates[55].
  - The materials rate remained well-controlled at 7.0% in 2Q22 (8.8% in 2Q21) and 9.9% in 1H22 (9.6% in 1H21).
  - Due to the low base effect from the expiration of the state income tax subsidy that was in effect in 1H21, coupled with the opening of a new polyclinic and the suspension of the COVID clinics' contracts in March (COVID clinics had mainly a fixed direct salary structure), the direct salary rate was up 8.1 ppts to 37.1% in 2Q22 and up 5.6 ppts to 33.9% in 1H22, y-o-y. After restructuring the COVID clinics to a normal operating level, the salary rate is expected to stabilise in the coming quarters.
- As a result, gross profit margins of the clinics business were down by 1.2 ppts in 2Q22 and by 2.8 ppts 1H22, y-o-y. Adjusted for the impact of state income tax subsidy, the gross profit margin was up 2.1 ppts in 2Q22 and 0.6 ppts in 1H22, y-o-y.
- Operating expenses (excl. IFRS 16), mainly comprising of salaries and other employee benefits (up 7.5% in 2Q22 and up 14.2% in 1H22, y-o-y) and general and administrative expenses (excl. IFRS 16) (down 3.1% in 2Q22 and up 9.5% in 1H22, y-o-y), were up in 2022 mainly due to the increased cost structure for COVID clinics and the expansion of the business.
- As a result, business EBITDA margins (excl. IFRS 16) were down in both reporting periods (down 5.5 ppts in 2Q22 and down 3.8 ppts in 1H22). Excluding the impact of the absence of the state income tax subsidy, EBITDA margins (excl. IFRS 16) in 1H22 were down 2.2 ppts in 2Q22 and down 0.4 ppts in 1H22, y-o-y.
- The increase in net debt position (up 13.0% q-o-q) to GEL 46.8 million due to the opening of new polyclinics, coupled with increased interest rates on the market led to an increase in net interest expense (excl. IFRS 16), up 28.9% in 2Q22 and up 28.6% in 1H22, y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- In 2Q22, the business posted an 88.9% EBITDA to cash conversion ratio, demonstrating a strong rebound from a weak 1Q22 in terms of operating cash (1Q22 was impacted by the reimbursement of most of the payables by the Government in 4Q21).
- The business spent GEL 5.8 million on capex in 1H22, of which GEL 1.1 million was maintenance capex and GEL 4.7 million was growth capex, primarily related to the opening of two new polyclinics in Tbilisi.

[52] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.
[53] Of which – capex of GEL 3.7 million in 2Q22 and GEL 5.8 million in 1H22 (GEL 1.8 million in 2Q21 and GEL 3.0 million in 1H21).
[54] Operating cash flows less capex.
[55] The respective costs divided by gross revenues.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Apart from community clinics, our polyclinics were also affected due to the reduced traffic for COVID services, such as COVID tests and vaccinations in 2Q22:

Unaudited	2Q22	2Q21	Change	1H22	1H21	Change
Number of admissions (thousands)	*497.5*	*565.1*	*-12.0%*	*1,136.1*	*1,022.3*	*11.1%*

- The number of registered patients in Tbilisi increased by c.22,000 y-o-y to c.264,000 and by c.32,000 y-o-y to c.601,000 across the country as of 30-Jun-22.

Discussion of results, Diagnostics

GEL '000 (unaudited)

INCOME STATEMENT HIGHLIGHTS	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net[56]	**3,937**	**7,645**	**-48.5%**	**11,765**	**13,192**	**-10.8%**
Of which, from COVID-19 tests	*718*	*3,778*	*-81.0%*	*4,874*	*6,487*	*-24.9%*
Of which, from regular lab tests	*3,219*	*3,867*	*-16.8%*	*6,891*	*6,705*	*2.8%*
Gross Profit	**783**	**3,555**	**-78.0%**	**3,053**	**5,188**	**-41.2%**
Gross profit margin	*19.9%*	*46.5%*	*-26.6 ppts*	*25.9%*	*39.3%*	*-13.4 ppts*
Operating expenses (ex. IFRS 16)	(898)	(1,063)	-15.5%	(2,093)	(1,699)	23.2%
EBITDA (ex. IFRS 16)	**(115)**	**2,492**	**NMF**	**960**	**3,489**	**-72.5%**
EBITDA margin (ex. IFRS 16)	*-2.9%*	*32.6%*	*-35.5 ppts*	*8.2%*	*26.4%*	*-18.2 ppts*
Net (loss)/profit (ex. IFRS 16)	**(422)**	**2,142**	**NMF**	**328**	**2,813**	**-88.3%**

INCOME STATEMENT HIGHLIGHTS

- The diagnostics segment apart from regular diagnostics services was also actively engaged in COVID-19 testing.
- A 50% y-o-y decrease in 2Q22 revenue reflects a significantly reduced number of COVID cases in the country and the suspension of Government contracts from March 2022.
- As a result, the gross profit and EBITDA were reduced substantially.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- From March 2022, the Government has suspended the contracts with laboratories for COVID tests.
- The business opened a retail collection point in 2Q22 and another one in July 2022. As a result, the total number of retail branches reached five. The launch of the retail points will bring in additional revenue from regular lab tests as well as attract business-to-business (B2B) contracts.
- The key operating performance highlights for 2Q22 and 1H22 are noted below:

Unaudited	2Q22	2Q21	Change	1H22	1H21	Change
Number of tests performed (thousands)	*539*	*641*	*-15.9%*	*1,298*	*1,175*	*10.5%*
Average revenue per test (GEL)	*7.3*	*11.9*	*-38.8%*	*9.1*	*11.2*	*-19.3%*

[56] Net revenue – Gross revenue less corrections and rebates.

Discussion of Other Portfolio Results

The five businesses in our "other" private portfolio are Auto Service, Beverages, IT Outsourcing, Housing Development, and Hospitality. They had a combined value of GEL 263.5 million at 30-Jun-22, which represented 9.7% of our total portfolio.

2Q22 & 1H22 aggregated performance highlights (GEL '000), Other Portfolio

Unaudited	**2Q22**	**2Q21**	**Change**	**1H22**	**1H21**	**Change**
Revenue	121,607	85,629	42.0%	198,384	149,919	32.3%
EBITDA	10,093	13,128	-23.1%	11,395	19,673	-42.1%
Net cash flows from operating activities	(1,018)	7,408	NMF	(4,389)	12,008	NMF

- **Auto Service |** The auto service business includes a periodic technical inspection (PTI) business, and a car services and parts business.
  - **Periodic technical inspection (PTI) business |** PTI business's revenue was up by 19.2% y-o-y to GEL 3.6 million in 2Q22. Revenue growth was supported by an increase in total cars serviced, up by 13.7% y-o-y in 2Q22. As a result, the EBITDA of the PTI business was up by 32.2% y-o-y to GEL 1.7 million, with a y-o-y EBITDA margin growth of 4.6ppts to 46.6% in 2Q22. 1H22 revenue remained largely flat, up by 1.3% y-o-y to GEL 7.7 million. The number of cars serviced in 1H22 demonstrated a slight decrease, down by 3.0% and translated into a 5.9% y-o-y decrease in EBITDA.
  - **Car services and parts business** In 2Q22, car services and parts business' revenue was up by 35.4% y-o-y to GEL 10.5 million (up 35.5% y-o-y to GEL 17.4 million in 1H22), reflecting an increase in corporate and retail customer segments. Similarly, the gross profit was up by 51.2% to GEL 2.7 million in 2Q22 and up by 46.4% to GEL 4.3 million in 1H22, y-o-y. As a result, the business posted GEL 1.0 million EBITDA in 2Q22, up by 2.3x y-o-y (GEL 1.0 million in 1H22, up by 80.1% y-o-y).

- **Beverages |** The beverages business combines three business lines: a wine business, a beer business, and a distribution business
  - **Wine business |** The wine business had significant exposure to the Russian and Ukrainian markets as 64% of the 1H21 net revenues were generated from sales in these markets (44% of revenues in 1H22). Due to the implications of the Russia-Ukraine war, the net revenue of the wine business was down by 19.4% to GEL 11.1 million in 2Q22 (down by 29.8% y-o-y to GEL 16.6 million in 1H22). The number of bottles sold was down by 9.4% y-o-y, resulting from the decreased export in Russia and Ukraine during the quarter. Consequently, EBITDA was down by 80.4% and stood at GEL 0.6 million in 2Q22, while 1H22 EBITDA was negative GEL 0.5 million.
  - **Beer business |** The net revenue of the beer business increased by 35.7% y-o-y to GEL 24.9 million in 2Q22 and by 43.1% y-o-y to GEL 36.5 million in 1H22, reflecting the impact of the strong recovery in tourism and increased product prices due to the sale price inflation. Beer and lemonade y-o-y sales (in hectolitres) were up 10.6% and 26.9%, respectively in 2Q22. The average GEL price per litre (average for beer and lemonade) increased by 18.8% y-o-y. Consequently, the EBITDA of the business increased by GEL 4.5 million y-o-y to GEL 6.7 million in 2Q22 (up 4.9x y-o-y to GEL 7.3 million in 1H22). The positive dynamics in the business' operating performance were translated into the decrease of GCAP's issued guarantee by EUR 1.0 million to EUR 14.8 million.
  - **Distribution business |** Revenue of the distribution business increased by 49.1% and 52.9% y-o-y to GEL 48.0 million and GEL 72.4 million in 2Q22 and 1H22 respectively, driving 2Q22 and 1H22 EBITDA up by 68.8% and 125.9% y-o-y.

- **Housing development and hospitality businesses** | In light of the increased sales and construction progress, 2Q22 revenue of the housing business was up by GEL 24.6 million to GEL 44.7 million (up by GEL 26.0 y-o-y to GEL 70.6 in 1H22), while 2Q22 EBITDA was down by 72.3% y-o-y to GEL 0.6 million (down by GEL 5.6 million to negative GEL 1.3 million in 1H22), reflecting the impact from significant inflation within the construction materials. The revenue of the hospitality business decreased by 76.5% y-o-y in 2Q22 and was down by 11.4% y-o-y in 1H22. This reflects the absence of revenues due to the divestment of commercial real estate assets during 2021. Consequently, the hospitality business EBITDA was down by GEL 4.1 million y-o-y to negative GEL 1.4 million in 2Q22 (down by GEL 3.4 million y-o-y to GEL 0.7 million in 1H22).

RECONCILIATION OF ADJUSTED INCOME STATEMENT TO IFRS INCOME STATEMENT

The table below reconciles the adjusted income statement to the IFRS income statement. Adjustments to reconcile adjusted income statement with IFRS income statement mainly relate to eliminations of income, expense and certain equity movement items recognised at JSC Georgia Capital, which are subsumed within gross investment (loss)/income in IFRS income statement of Georgia Capital PLC.

	1H22			1H21		
GEL '000, unless otherwise noted (Unaudited)	**Adjusted IFRS income statement**	**Adjustment**	**IFRS income statement**	**Adjusted IFRS income statement**	**Adjustment**	**IFRS income statement**
Dividend income	34,421	(34,421)	-	14,430	(14,430)	-
Interest income	18,150	(18,150)	-	10,617	(10,617)	-
Realised / unrealised (loss)/ gain on liquid funds	(11,435)	11,435	-	1,516	(1,516)	-
Interest expense	(37,679)	37,679	-	(37,520)	37,520	-
Gross operating income/(loss)	**3,457**	**(3,457)**	-	**(10,957)**	**10,957**	-
Operating expenses (administrative, salaries and other employee benefits)	(19,700)	19,700	-	(18,096)	18,096	-
GCAP net operating loss	**(16,243)**	**16,243**	**-**	**(29,053)**	**29,053**	**-**
Total investment return / (loss)/gain on investments at fair value	**(499,687)**	**(1,562)**	**(501,249)**	**326,019**	**3,562**	**329,581**
Administrative expenses, salaries and other employee benefits	-	(3,784)	(3,784)	-	(4,263)	(4,263)
(Loss)/income before foreign exchange movements and non-recurring expenses	**(515,930)**	**10,897**	**(505,033)**	**296,966**	**28,352**	**325,318**
Net foreign currency gain	14,448	(18,506)	(4,058)	26,547	(26,693)	(146)
Non-recurring expenses	(196)	196	-	(218)	218	-
Net (loss)/income	**(501,678)**	**(7,413)**	**(509,091)**	**323,295**	**1,877**	**325,172**

ADDITIONAL FINANCIAL INFORMATION

The 1H22 NAV Statement shows the development of NAV since 31-Dec-21:

GEL '000, unless otherwise noted *Unaudited*	Dec-21	1. Value creation[57]	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Jun-22	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	681,186	(202,669)	-	-	(22,798)	-	-	455,719	-33.1%
Water Utility	-	13,608	139,392	-	-	-	-	153,000	0.0%
Total Listed and Observable Portfolio Value	**681,186**	**(189,061)**	**139,392**	**-**	**(22,798)**	**-**	**-**	**608,719**	**-10.6%**
Listed and Observable Portfolio value change %		***-27.8%***	***20.5%***	***0.0%***	***-3.3%***	***0.0%***	***0.0%***	***-10.6%***	
Private Portfolio Companies									
Large Companies	**2,249,260**	**(156,554)**	**(696,960)**	**-**	**(7,374)**	**-**	**821**	**1,389,193**	**-38.2%**
Retail (Pharmacy)	*710,385*	*(39,358)*	*-*	*-*	*-*	*-*	*-*	*671,027*	*-5.5%*
Hospitals	*573,815*	*(95,769)*	*-*	*-*	*-*	*-*	*-*	*478,046*	*-16.7%*
Water Utility	*696,960*	*-*	*(696,960)*	*-*	*-*	*-*	*-*	*-*	*-100.0%*
Insurance (P&C and Medical)	*268,100*	*(21,427)*	*-*	*-*	*(7,374)*	*-*	*821*	*240,120*	*-10.4%*
Of which, P&C Insurance	*211,505*	*(5,142)*	*-*	*-*	*(7,374)*	-	*821*	*199,810*	*-5.5%*
Of which, Medical Insurance	*56,595*	*(16,285)*	*-*	*-*	*-*	-	*-*	*40,310*	*-28.8%*
Investment Stage Companies	**461,140**	**(14,970)**	**1,559**	**-**	**(4,249)**	**-**	**487**	**443,967**	**-3.7%**
Renewable Energy	*173,288*	*2,247*	*395*	*-*	*(4,249)*	*-*	*487*	*172,168*	*-0.6%*
Education	*129,848*	*20,741*	*1,164*	*-*	*-*	*-*	*-*	*151,753*	*16.9%*
Clinics and Diagnostics	*158,004*	*(37,958)*	*-*	*-*	*-*	*-*	*-*	*120,046*	*-24.0%*
Other Companies	**224,645**	**(104,681)**	**142,597**	**-**	**-**	**-**	**973**	**263,534**	**17.3%**
Total Private Portfolio Value	**2,935,045**	**(276,205)**	**(552,804)**	**-**	**(11,623)**	**-**	**2,281**	**2,096,694**	**-28.6%**
Private Portfolio value change %		***-9.4%***	***-18.8%***	***0.0%***	***-0.4%***	***0.0%***	***0.1%***	***-28.6%***	
Total Portfolio Value (1)	**3,616,231**	**(465,266)**	**(413,412)**	**-**	**(34,421)**	**-**	**2,281**	**2,705,413**	**-25.2%**
Total Portfolio value change %		***-12.9%***	***-11.4%***	***0.0%***	***-1.0%***	***0.0%***	***0.1%***	***-25.2%***	
Net Debt (2)	**(711,074)**	**-**	**419,419**	**(53,540)**	**34,421**	**(10,951)**	**(44,189)**	**(365,914)**	**-48.5%**
of which, Cash and liquid funds	*272,317*	*-*	*555,996*	*(53,540)*	*11,623*	*(10,951)*	*(112,078)*	*663,367*	*143.6%*
of which, Loans issued	*154,214*	*-*	*(136,577)*	*-*	*-*	*-*	*7,737*	*25,374*	*-83.5%*
of which, Accrued dividend income	*-*	*-*	*-*	*-*	*22,798*	*-*	*-*	*22,798*	*0.0%*
of which, Gross Debt	*(1,137,605)*	*-*	*-*	*-*	*-*	*-*	*60,152*	*(1,077,453)*	*-5.3%*
Net other assets/ (liabilities) **(3)**	(21,535)	-	(6,007)	-	-	(8,749)	29,353	(6,938)	-67.8%
of which, share-based comp.	*-*	*-*	*-*	*-*	*-*	*(8,749)*	*8,749*	*-*	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,883,622**	**(465,266)**	**-**	**(53,540)**	**-**	**(19,700)**	**(12,555)**	**2,332,561**	**-19.1%**
NAV change %		***-16.1%***	***0.0%***	***-1.9%***	***0.0%***	***-0.7%***	***-0.4%***	***-19.1%***	
Shares outstanding[57]	45,752,362	-	-	(2,166,578)	-	-	663,963	44,249,747	-3.3%
Net Asset Value per share, GEL	**63.03**	**(10.17)**	**(0.00)**	**1.90**	**(0.00)**	**(0.43)**	**(1.61)**	**52.71**	**-16.4%**
NAV per share, GEL change %		***-16.1%***	***0.0%***	***3.0%***	***0.0%***	***-0.7%***	***-2.5%***	***-16.4%***	

Extension of the Share Buyback and Cancellation Programme

As outlined on page 8 above, the Board has approved the extension of the current US$ 25 million share buyback and cancellation programme until 31 December 2022. The purpose of buyback is to reduce the share capital and the cancellation of the treasury shares is executed on a monthly basis. Under the buyback programme, the maximum price paid per share will not exceed the latest reported NAV per share amount.

In accordance with the authority granted by the shareholders at the 2022 annual general meeting ("AGM"), the maximum number of shares that may be repurchased is 6,944,294. The programme is conducted within certain pre-set parameters, and in accordance with the general authority to repurchase shares granted at the 2022 AGM, Chapter 12 of the FCA Listing Rules and the provisions of the Market Abuse Regulation 596/2014/EU and the Commission Delegated Regulation (EU) 2016/1052 (also as in force in the UK, from time to time, including, where relevant, pursuant to the UK's Market Abuse (Amendment) (EU Exit) Regulations 2019).

The Company has instructed Numis Securities Limited ("Numis"), appointed to manage an irrevocable, non-discretionary share buyback programme, to amend the terms of the share buyback programme accordingly. During closed periods the Company and its directors have no power to invoke any changes to the programme and it is being executed at the sole discretion of Numis.

The Company will continue to make further announcements in due course following the completion of any share repurchases.

[57] Please see definition in glossary on page 28.

Basis of presentation

This announcement contains unaudited financial results presented in accordance with IAS 34 – Interim Financial Reporting as adopted in the United Kingdom The financial results are unaudited and are derived from management accounts.

Under IFRS 10, Georgia Capital PLC meets the "investment entity" definition. For more details about the bases of preparation please refer to page 98 in Georgia Capital PLC 2021 Annual report.

The presentation of the Income Statement (Adjusted) and some of the information under the NAV Statement should be considered to be Alternative Performance Measures (APM).

This announcement contains unaudited financial results presented in accordance UK-adopted international accounting standards ("IFRS"). The financial results are unaudited and derived from management accounts.

GLOSSARY

1. **APM** – Alternative Performance Measure.
2. **GCAP** refers to the aggregation of stand-alone Georgia Capital PLC and stand-alone JSC Georgia Capital accounts.
3. **Georgia Capital** and "the Group" refer to Georgia Capital PLC and its portfolio companies as a whole.
4. **NMF** – Not meaningful.
5. **NAV** – Net Asset Value, represents the net value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities.
6. **LTM** – last twelve months.
7. **EBITDA** - Earnings before interest, taxes, non-recurring items, FX gain/losses and depreciation and amortisation; The Group has presented these figures in this document because management uses EBITDA as a tool to measure the Group's operational performance and the profitability of its operations. The Group considers EBITDA to be an important indicator of its representative recurring operations.
8. **ROIC** – return on invested capital is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds.
9. **Loss ratio** equals net insurance claims expense divided by net earned premiums.
10. **Expense ratio** in P&C Insurance equals sum of acquisition costs and operating expenses divided by net earned premiums.
11. **Combined ratio** equals sum of the loss ratio and the expense ratio in the insurance business.
12. **ROAE** – Return on average total equity (ROAE) equals profit for the period attributable to shareholders divided by monthly average equity attributable to shareholders of the business for the same period.
13. **Net investment** - gross investments less capital returns (dividends and sell-downs).
14. **EV** – enterprise value.
15. **Liquid assets & loans issued** include cash, marketable debt securities and issued short-term loans at GCAP level.
16. **Total return / value creation** - total return / value creation of each portfolio investment is calculated as follows: we aggregate a) change in beginning and ending fair values, b) gains from realised sales (if any) and c) dividend income during period. We then adjust the net result to remove capital injections (if any) to arrive at the total value creation / investment return.
17. **WPP** – Wind power plant.
18. **HPP** – Hydro power plant.
19. **PPA** – Power purchase agreement.
20. **Number of shares outstanding** – Number of shares in issue less total unawarded shares in JSC GCAP's management trust.
21. **Market Value Leverage ("MVL"), also Loan to Value ("LTV")** – Interchangeably used across the document and is calculated by dividing net debt to the total portfolio value.
22. **NCC Ratio** – Equals Net Capital Commitment divided by portfolio value.

Principal risks and uncertainties

Understanding our risks

In the Group's 2021 Annual Report and Accounts we disclosed the principal risks and uncertainties and their potential impact, as well as the trends and outlook associated with these risks and the actions we take to mitigate these risks. We have updated this disclosure to reflect recent developments and this is set out in full below. If any of the following risks were to occur, the Group's business, financial condition, results of operations or prospects could be materially affected. The risks and uncertainties described below may not be the only ones the Group faces. The order in which the principal risks and uncertainties appear does not denote their order of priority. Additional risks and uncertainties, including those that the Group is currently not aware of or deems immaterial, may also result in decreased revenues, incurred expenses or other events that could result in a decline in the value of the Group's securities.

REGIONAL INSTABILITY RISK	
PRINCIPAL RISK / UNCERTAINTY	The Georgian economy and our business may be adversely affected by regional tensions. Georgia shares borders with Russia, Azerbaijan, Armenia and Turkey, and has two breakaway territories, Abkhazia and the Tskhinvali/South Ossetia regions. In addition to strong political and geographic influences, regional countries are highly linked to Georgian economy representing its significant historical trading partners. Following a significant Russian military build-up near the Russia-Ukraine border and months of rising tensions, on February 24 Russian troops crossed the border and the situation escalated into a war. In response to the invasion, all G-7 countries, the European Union and many other countries have announced severe economic sanctions on Russia, including selected high-profile Russian banks, Russian entities and Russian individuals. At the start of the war, there was a significant depreciation of the Russian Ruble against foreign currencies, although the Ruble has since recovered. The market value of Russian securities has also decreased significantly. As the situation grinds on, the already steep humanitarian costs and economic losses for Ukraine, Russia and the rest of the world will only deepen. Ukraine and Russia are particularly important trade partners of Georgia, with visible negative effects on the most vulnerable sectors already present. The length and outcome of the war are clearly uncertain, but it is possible that the war will have a negative impact on Georgian economic growth in the short, medium and longer term and could continue to have a material impact on market confidence, affecting all regional countries. Various tensions have also existed between Russia and Georgia for more than 15 years, and the two countries also had a brief armed conflict in 2008 (which led to Russia's control of the two breakaway territories). Finally, there has also been ongoing geopolitical tension, political instability, economic instability and military conflict between other regional countries, with the latest flare-up culminating in a six-week war (September-November 2020) between Armenia and Azerbaijan over the disputed Nagorno-Karabakh region. Despite the peace agreement, skirmishes have been reported to have occurred on several occasions. The continuation or escalation of the war, political instability, geopolitical conflict, the economic decline of Georgia's trading partners and any further tension with Russia, including border and territorial disputes, may have a negative impact on the political or economic stability of Georgia, which in turn may affect our business unfavourably, including putting adverse pressure on our business model, our revenues, our financial position and the valuations of our listed and private portfolio companies.
KEY DRIVERS / TRENDS	The Russian invasion of Ukraine has resulted in extraordinary economic disruption, as market confidence has plunged, unprecedented sanctions have been imposed upon the Russian economy, food and energy prices have surged and spillover risks have been substantially aggravated, with further economic consequences to follow as the situation develops. The war has negatively affected the operating performance of our wine (c.60% sales exposure to Russia and Ukraine in 2021) and housing businesses (significant growth in construction materials costs). The magnitude of the impact on these businesses cannot be reliably measured at this stage. Due to their size, however, it is not expected to be material overall for the Group (the value of the wine and housing business represented approximately 2% of the total portfolio value as at 30 June 2022). Regional instabilities also affected the discount rates and listed peer multiples used in our DCF and multiple-based valuation assessments. Discount rates were up by 2.0-3.0 ppts on average in 1H22, while the listed peer multiples demonstrated a declining trend.

	These developments are reflected in the private portfolio companies' valuations in 1H22, as described earlier in this report. While GCAP's exposure to liquid funds such as debt securities issued by affected countries is not material, our insurance business's investment results were negatively affected during the first half of the year. As the war is still waging, it is impossible to reliably assess the impact this may have on the Group's business as there is uncertainty over the magnitude of the impact on the economy in general. Although a ceasefire agreement ended the six-week Armenia-Azerbaijan war in November 2020, the conflict has not been conclusively resolved. Russian peacekeeping forces were deployed for an initial period of five years. The risks of a further flare-up depend on the success of the peacekeeping mission. The war has also worsened the economic and political outlook for Armenia, an important trading partner of Georgia, and created significant spillover risks in the region, with the rising influence of Russia and Turkey altering the regional balance. Russia imposed economic sanctions on Georgia in 2006, and conflict between the countries escalated in 2008 when Russian forces crossed Georgian borders and recognised the independence of Abkhazia and the Tskhinvali/South Ossetia regions. Russian troops continue to occupy the regions, and tensions between Russia and Georgia persist. The introduction of a preferential trade regime between Georgia and the EU in 2016, the European Parliament's approval of a proposal on visa liberalisation for Georgia in 2017, and Georgia's recently attaining "European perspective" for EU candidacy could potentially intensify tensions between the countries. Russia banned direct flights on 8 July 2019 and recommended stopping the sale of holiday packages to Georgia. The decision was made in response to anti-Putin protests in Tbilisi, which started after a member of the Russian parliament addressed the Georgian parliament in Russian from the speaker's chair. Sanctions were imposed on several Russian individuals and entities on 2 March 2021 by the US and the EU, relating to the use of chemical weapons against Russian opposition figure Alexei Navalny, amplifying tensions in the region.
MITIGATION	The Group actively monitors significant developments in the region and risks related to political instability and the Georgian Government's response thereto. It also develops responsive strategies and action plans of its own. The Georgian export market shifted significantly away from the Russian market after Russia's 2006 embargo, and the Group participated in that shift. As of 1H22, Russia accounted for 10% of Georgian exports, as opposed to 17.8% in 2005. Since the beginning of the war, the migration effect from Russia, Ukraine and Belarus has altered the composition of foreign currency inflows from remittances and international visitors. The migration effect has resulted in a 65% y-o-y increase in remittance inflows in 1H22, including a fivefold increase up to US$ 750 million from Russia. Moreover, international travel receipts have increased substantially from the three countries. With most of the migrants expected to have arrived for long-term stays, it is impossible yet to estimate the long-run impact of the migration effect. Despite this surge in foreign currency inflows predominantly from Russia, both remittance inflows and tourism receipts remain diversified, with the EU having emerged as the top foreign currency provider since 2019 before the Russia-Ukraine war. As travel resumes globally, it is hoped that the rising trend of tourism revenues from the EU will continue. While financial market turbulence and geopolitical tensions affect regional trading partners, Georgia's preferential trading regimes, including DCFTA with the EU and FTA with China, support the country's resilience to regional external shocks. Enhancing linkages with the EU market will be further supported by a new recovery plan for Eastern Partnership countries, including ambitious investments in improved connectivity and unlocked potential to get full benefits from the DCFTA. Following the signing of the DCFTA, the EU's share in foreign currency inflows (merchandise exports, remittances and tourism revenues) has increased from 19% in 2013 to 24% in 2021. Following Ukraine's plea to join the European Union as it battles Russia's invasion, Georgia and Moldova on 3 March 2022 submitted their applications to join the European Union. Georgia previously planned to apply to join the European Union in 2024. The European Council granted a conditional European perspective to all three countries, with Ukraine and Moldova receiving the candidate status pre-emptively and Georgia set to receive that status as the conditions are satisfied. The European Commission plans to assess the progress of the countries in 2023. China remains the largest destination country of Georgian exports in 2022 since claiming the position in 2020, accounting for 15.6% of total exports in 1H22 (14.5% in 2021), as

	well as being the largest destination country of domestically produced Georgian exports with a 20% share (18.6% in 2021).
CORONAVIRUS (COVID-19) RISK	
PRINCIPAL RISK / UNCERTAINTY	The Georgian Government took significant actions at the early stage of the COVID-19 outbreak, with border checks and travel restrictions followed by the first lockdown in March-May 2020. After gradually lifting restrictions since late April, the epidemiological situation worsened in Autumn, and a two-month partial lockdown was imposed spanning the period from end-November 2020 to February 2021. Since February, the economy was fully reopened for the better part of the year. Despite new COVID-19 cases rising again periodically, most notably in August and November 2021, as well as at the beginning of 2022 due to the spread of the Omicron variant, no new major restrictions have been imposed. As is discussed below, lockdown and other significant restrictions had a serious adverse effect on almost all of our businesses, and as the virus is still considered a pandemic, any new serious outbreak of COVID-19 or a similar pandemic that required significant new restrictions could do so again. • Our hospitals and clinics & diagnostics businesses faced a number of COVID-19 related risks, among these are: – The health of our own medical personnel affected businesses' ability to continue to deliver their services, and they were on the front line, especially in the event of a renewed outbreak or a new, vaccine-resistant variant; – Adjusting to the new mix between COVID-19 related care and other care as COVID-19 recedes. Currently, our hospitals and clinics & diagnostics businesses are experiencing an organic transition to the post-pandemic economy. Suspension of COVID contracts by the Government in 1Q22 and restructuring of the cost base of COVID facilities temporarily impacted the performance of the hospitals and clinics businesses, while substantially lower COVID cases during the quarter resulted in a significant decrease in diagnostics business revenues. The growth is expected to rebound in the coming quarters as the businesses pass through the transition period. • The Group's education business was also significantly affected in 2020 by the lockdown and subsequent restrictive measures and adjusted to distance learning which involved offering tuition discounts and rollovers of fees for transportation and catering services. Given the improved epidemiological developments in Georgia, the schools provided on-campus learning during most of 2021. Schools in Tbilisi were reopened from 15 February 2021 and continued on-campus learning till the end of the year, except for September. During the distance learning period, schools offered 15%-25% discounts for tuition fees and roll-over of fees for transportation/catering services. While the education business seems to have developed a model for coping with COVID-type restrictions, it is not as effective, attractive and profitable when distance learning is imposed. • The Group's hospitality business is the business that has been most affected by the COVID-19 outbreak, reflecting pandemic-related uncertainties in the tourism and real estate sectors. We reacted quickly to the change in the environment and are in the process of exiting from this business (we have already exited from the commercial real estate business, which was also significantly affected by the pandemic). Any serious deterioration of the epidemiological situation could adversely affect our ability to sell the remaining properties at attractive prices.
KEY DRIVERS / TRENDS	Although vaccine development and the ongoing immunisation process have raised hopes of global recovery, exceptional uncertainty persists with respect to new COVID variants and vaccine take-up rates. The coronavirus has proven to be a significant challenge for the Georgian economy, especially the tourism sector. While tourism revenues have displayed signs of rebounding, however, a significantly delayed recovery in tourism revenues or a major fall in foreign investment sentiment would impact growth prospects substantially, raising the risk premium and upsetting the balance of payments. Furthermore, there can be no assurance on the effectiveness of Government measures in preventing the further spread of COVID-19, reducing its negative economic impact or that more restrictive measures will not be introduced, any of which could have a material adverse effect on macroeconomic conditions and, in turn, the Group's business.

MITIGATION	The resurgence in new COVID-19 cases in August-November 2021 and the beginning of 2022 has not been accompanied by new restrictive measures, economic slowdown or a substantial fall in consumer and investor sentiment, suggesting experience has been gained to aid in managing a potential epidemiological deterioration without major negative spillovers. In a population of about 3.7 million, there have been 1.70 million confirmed cases, 1.64 million recovery cases and 16,869 deaths as of 10 August 2022. The vaccination campaign began on 15 March 2021, with healthcare workers and risk groups given priority. As of 10 August 2022, the number of administered vaccines totalled 2.91 million, with 1.27 million individuals receiving two vaccine doses. Booster doses are also available. Various programmes were introduced to increase the vaccine take up with varying results, as the Government intends to keep on working on raising the vaccination level. The Georgian economy remains vulnerable to external shocks due to a mix of its historically high current account deficit, low domestic savings rate and high level of dollarisation. The external balance deteriorated following the onset of the COVID-19 pandemic, with the current account deficit amounting to 12.5% of GDP in 2020, as tourism revenues, a major source of foreign currency inflows, evaporated. However, the deficit improved to 10% of GDP in 2021 and is expected to improve further in 2022 as external inflows have accelerated significantly. Major sources of financing the current account deficit are remittance inflows (up 65% y-o-y in 1H22), merchandise exports (up 35% y-o-y), including a particularly strong performance from domestic merchandise exports (up 36% y-o-y), and tourism revenues (79% of respective 2019 levels in 1H22, including 92% in May-June). International reserves reached $3.9 bn by the end of June 2022, up 0.1% y-o-y and providing ample cover. The National Bank of Georgia sold US$ 40 million on the foreign exchange market in March 2022 shortly after the beginning of the war, bought US$ 10 million in May and an additional US$ 10 million in August, through foreign exchange auctions following a sustained GEL appreciation. A large part of Georgia Capital's portfolio is concentrated across defensive countercyclical sectors: healthcare and retail (pharmacy) businesses. Georgia Capital has a strong liquidity position, with GEL 712 million liquid assets and loans issued as of 30 June 2022. We are also satisfied that Georgia Capital's liquidity forecast adequately accounts for the novel coronavirus risk. Further, Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. Therefore, capital allocations to portfolio companies may be suspended, if needed. The Group identified the following mitigating actions in 2020: suspension of capital allocations together with optimisation of cash operating expenses. However, the improved epidemiological environment and strong economic recovery during 2021, have allowed for a smooth and gradual transition from the cash accumulation and preservation strategy, implemented in 2020 as our response to the pandemic, towards capturing business growth opportunities across all our businesses.
CURRENCY AND MACROECONOMIC ENVIRONMENT RISKS	
PRINCIPAL RISK / UNCERTAINTY	Unfavourable dynamics of major macroeconomic variables, including depreciation of the Lari against the US dollar may have a material impact on the Group's performance.
KEY DRIVERS / TRENDS	The Group's operations are primarily located in, and most of its revenue is sourced from Georgia. Factors such as GDP, inflation, interest and currency exchange rates, as well as unemployment, personal income, tourist numbers and the financial situation of companies can have a material impact on customer demand for its products and services. The Lari floats freely against major currencies. After depreciating in 2020 due to capital outflows from the emerging and frontier markets, a sudden stop in tourism revenues and shrinking merchandise exports, as well as rapidly deteriorating expectations, the Lari has gained back the ground. Following a period of stabilisation, the Lari began strengthening since mid-May 2021 and has continued strengthening into 2022, appreciating by 14.1% compared to the beginning of 2021 as of 11 August 2022. Currency appreciation has been aided by surging foreign currency inflows, driven by the migrant effect, strong external demand, improving terms of trade and worldwide travel resumption, as well as

	tight monetary policy, stronger than expected economic growth, foreign currency lending and improved expectations. Following rate cuts in 2020 to respond to the COVID-19 shock, NBG reversed the stance and hiked the policy rate by 300 basis points cumulatively since March 2021 to 11% as of July 2022, responding to high inflation and subsequent rising inflationary expectations. With COVID-19-induced supply-side bottlenecks and rising costs exacerbated by global food, energy and commodity prices surging to record-high levels after the Russian invasion of Ukraine, inflation is expected to remain elevated throughout 2022 in Georgia like elsewhere around the world. On the macro-level, the free-floating exchange rate works well as a shock absorber, but on the micro-level, the currency fluctuation has affected and may continue to adversely affect the Group's results. There is a risk that the Group incurs material losses or loses material amounts of revenue and, consequently, deteriorates its solvency in a specific currency or group of currencies due to the fluctuation of exchange rates. The risk is mainly caused by significant open foreign currency positions in the balance sheets. Real GDP has continued rapid growth in 2022, with the economy growing by 10.5% y-o-y in 1H22 following a 10.4% expansion in 2021. The above-mentioned external factors as well as strong domestic demand, continued credit expansion and moderated but still expansionary fiscal policy have all been supporting economic growth. The current account deficit was 13% of GDP in 1Q22, compared to 12.5% in 1Q21, but is expected to improve substantially in 2Q22 as a result of surging foreign currency inflows from remittances, merchandise exports and tourism receipts. In 2019, Fitch and S&P upgraded the sovereign credit rating of Georgia from BB- to BB and maintained a stable outlook. Resilience to negative external shocks, robust economic growth, shrinking CA deficit, increasing reserves and decreasing path of general Government debt were the major drivers for the reduced risk premium of the country. Georgia's outlook was downgraded to negative by Fitch in April 2020 and by S&P in February 2021. Fitch Ratings revised the negative outlook to stable in August 2021 (and reaffirmed the stable outlook in February 2022). Moody's changed the outlook to negative in April 2022, as a result of "heightened geopolitical risks" after the beginning of the Russia-Ukraine war, albeit noting that the materialisation of these risks is not a baseline scenario for the agency.
MITIGATION	The Group continually monitors market conditions, reviews market changes and also performs stress and scenario testing to test its position under adverse economic conditions, including adverse currency movements. The currency risk management process is an integral part of the Group's activities; currency risk is managed through regular and frequent monitoring of the Group's currency positions and through the timely and efficient elaboration of responsive actions and measures. Senior management reviews the overall currency positions of the Group several times during the year and elaborates on respective overall currency strategies; the Finance department monitors the daily currency position for stand-alone Georgia Capital, weekly currency positions on a portfolio company level and manages short-term liquidity of the Group across different currencies. Control procedures involve regular monitoring and control of the currency gap and currency positions, running currency sensitivity tests and elaborating response actions/steps based on the results of the tests.
REGULATORY AND LEGAL RISKS	
PRINCIPAL RISK / UNCERTAINTY	The Group owns businesses operating across a wide range of industries: banking, healthcare, retail (pharmacy) and distribution, property and casualty insurance, medical insurance, real estate, water utility and electric power generation, hydro and wind power, beverages, education, auto service and IT outsourcing. Many of these industries are highly regulated. The regulatory environment continues to evolve, and we cannot predict what additional regulatory changes will be introduced in the future or the impact they may have on our operations. Georgia Capital and its businesses may be adversely affected by risks related to litigations arising from time to time in the ordinary course of business.
KEY DRIVERS / TRENDS	Each of our businesses is subject to different regulators and regulation. Legislation in certain industries, such as banking, healthcare, energy, insurance and utilities is continuously evolving. Different changes, including but not limited to governmental funding, licensing and accreditation requirements and tariff structures, may adversely affect our businesses.

	Except as disclosed on page 60, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GCAP is aware), during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on either GCAP and/or its portfolio companies' financial position or profitability.
MITIGATION	Continued investment in our people and processes is enabling us to meet our current regulatory requirements and means that we are well-placed to respond to any future changes in regulation. Further, our investment portfolio is well diversified, limiting exposure to particular industry specific regulatory risks. In line with our integrated control framework, we carefully evaluate the impact of legislative and regulatory changes as part of our formal risk identification and assessment processes and, to the extent possible, proactively participate in the drafting of relevant legislation. As part of this process, we engage where possible in constructive dialogue with regulatory bodies and seek external advice on potential changes to legislation. We then develop appropriate policies, procedures and controls as required to fulfil our compliance obligations. Our compliance framework, at all levels, is subject to regular review by Internal Audit and external assurance providers. Our integrated control framework also ensures the application and development of mechanisms for identifying legal risks in the Group's activities in a timely manner, the monitoring and investigation of the Group's activities in order to identify any legal risks, the planning and implementation of all necessary actions for the elimination of identified legal risks, participation in legal proceedings on behalf of the Group where necessary and the investigation of possibilities for increasing the effectiveness of the Group's legal documentation and its implementation in the Group's daily activities. The framework also considers the engagement of the external legal advisors, when appropriate.
INVESTMENT RISK	
PRINCIPAL RISK / UNCERTAINTY	The Group may be adversely affected by risks in respect of specific investment decisions.
KEY DRIVERS / TRENDS	An inappropriate investment decision might lead to poor performance. Investment risks include inadequate research and due diligence of new acquisitions and bad timing of the execution of both acquisition and divestment decisions. The valuation of investments can be volatile in line with the market developments.
MITIGATION	The Group manages investment risk with established procedures for thorough evaluation of target acquisitions. Investment opportunities are subject to rigorous appraisal and a multi-stage approval process. Target entry and exit event prices are monitored and updated regularly, in relation to market conditions and strategic aims. The Group performs due diligence on each target acquisition including financial and legal matters. Subject to an evaluation of the due diligence results an acceptable price and funding structure is determined, and the pricing, funding and future integration plan is presented to the Investment Committee (consisting of the full Board) for approval. The Committee reviews and approves or rejects proposals for development, acquisition and sale of investments and decides on all major new business initiatives, especially those requiring a significant capital allocation. The Investment Committee focuses on both investment strategy and exit processes, while also actively managing exit strategies in light of the prevailing market conditions.
LIQUIDITY RISK	
PRINCIPAL RISK / UNCERTAINTY	Risk that liabilities cannot be met, or new investments made, due to a lack of liquidity. Such risk can arise from not being able to sell an investment due to lack of demand from the market, from suspension of dividends from portfolio companies, from not holding cash or being able to raise debt.

KEY DRIVERS / TRENDS	The Group predominantly invests in private portfolio businesses, potentially making the investments difficult to monetise at any given point in time. There is a risk that the Group will not be able to meet its financial obligations and liabilities on time due to a lack of cash or liquid assets or the inability to generate sufficient liquidity to meet payment obligations. This may be caused by numerous factors, such as: the inability to refinance long-term liabilities; suspended dividend inflows from the investment entity subsidiaries; excessive investments in long-term assets and a resulting mismatch in the availability of funding to meet liabilities; or failure to comply with the creditor covenants causing a default.
MITIGATION	The liquidity management process is a regular process, where the framework is approved by the Board and is monitored by senior management and the Chief Financial Officer. The framework models the ability of the Group to fund under both normal conditions (Base Case) and during stressed situations. This approach is designed to ensure that the funding framework is sufficiently flexible to ensure liquidity under a wide range of market conditions. The Finance department monitors certain liquidity measures on a daily basis and actively analyses and manages liquidity weekly. Senior management is involved at least once a month and the Board on a quarterly basis. Such monitoring involves a review of the composition of the cash buffer, potential cash outflows and management's readiness to meet such commitments. It also serves as a tool to revisit the portfolio composition and take necessary measures, if required. JSC Georgia Capital successfully issued US$ 300 million bonds in March 2018, which was followed by a US$ 65 million tap issuance on 16 March 2021. The debt is actively managed so that Georgia Capital maintains a maximum LTV ratio of 30%. GCAP has adopted the following measures to manage its standalone credit profile: • GCAP depends on dividend inflows from its portfolio companies, on its ability to sell its listed securities on the public markets at favourable prices, and on its ability over the longer term to monetise its private portfolio investments. To limit this dependency, the Group has adopted a policy to maintain a cash buffer of at least US$ 50 million in highly-liquid assets in order to always have sufficient capacity for potential downside scenarios as well as for potential acquisition opportunities. Additionally, the Group will maintain at least US$ 50 million in marketable securities which can be converted into cash within three to four weeks (this includes BoG shares); • The market value leverage (Net Debt divided by Asset Portfolio) should be no more than 30% at all times, where ''Net Debt'' is defined as borrowings plus guarantees issued and commitments from financial institutions minus liquid assets and ''Asset Portfolio'' is defined as the sum of fair values of portfolio company investments and loans issued. The ratio was 15.9% as of 30 June 2022. • Recourse debt and guarantees are limited at GCAP and at each portfolio company level. In May 2022, the Group adapted the capital management framework, with significant prominence being given to deleveraging. Deleveraging the Group's balance sheet, at a time of significant potential economic and regional instabilities, is a key priority to safeguard our portfolio, and enable the Group to take advantage of attractive investment opportunities that may arise as a result of those instabilities. The Group has introduced an NCC Ratio Navigation Tool, which will drive the Group's share buyback and investment policy; An NCC Ratio between 15-40% will lead to tactical share buybacks/investments, whilst an NCC ratio below 15% is expected to generate more meaningful share buybacks/investments. The Group targets the bring down the NCC ratio below 15% by Dec-2025. The deleveraging strategy was also implemented across our private portfolio companies, where individual leverage targets have been developed. In 1H22, GCAP's corporate credit ratings were upgraded to "B1" by Moody's and "B+" by S&P (from "B2" and "B", respectively).
PORTFOLIO COMPANY STRATEGIC AND EXECUTION RISKS	
PRINCIPAL RISK / UNCERTAINTY	Market conditions may adversely impact our strategy and all our businesses have their own risks specific to their industry. Our businesses have growth and expansion strategies and we face execution risk in implementing these strategies.

	The Group will normally seek to monetise its investments, primarily through strategic sale, typically within five to ten years from acquisition, and we face market and execution risk in connection with exits at reasonable prices.
KEY DRIVERS / TRENDS	Each of our private portfolio companies and our listed assets (Bank of Georgia) face its own risks. These include risks inherent to their industry, or to their industry, particularly in Georgia, and each faces significant competition. They also face the principal risks and uncertainties referred to in this table. Macroeconomic conditions, the financial and economic environment and other market conditions in international capital markets may limit the Group's ability to achieve a partial or full exit from its existing or future businesses at reasonable prices. It may not be possible or desirable to divest, including because suitable buyers cannot be found at the appropriate times, or because of difficulties in obtaining favourable terms or prices, or because the Group has failed to act at the appropriate time.
MITIGATION	For each business, we focus on building a strong management team and have successfully been able to do so thus far. Management succession planning is regularly on the agenda for the Nomination Committee which reports to the Board on this matter. The Board closely monitors the implementation of strategy, financial and operational performance, risk management and internal control framework and corporate governance of our businesses. We hold management accountable for meeting targets. For each industry in which we operate, we closely monitor industry trends, market conditions and the regulatory environment. We have also sought, and continue to seek, advice from professionals with global experience in relevant industries. We carry our private portfolio companies at fair value in our NAV Statement. The valuations are audited, increasing the credibility of fair valuation and limiting the risk of mispricing the asset. In addition, the valuation of private large and investment portfolio companies (67.8% of total portfolio value) is performed by an independent valuation company on a semi-annual basis. The Group has a strong track record of growth and has accessed the capital markets on multiple occasions as part of the BGEO Group PLC, prior to the demerger in May 2018. JSC Georgia Capital, the Georgian holding company of the Group's businesses, successfully priced a US$ 65 million tap issue under the Group's existing US$ 300 million 6.125% senior unsecured notes due 2024, listed on the Global Exchange Market of the Irish Stock Exchange. Our acquisition history has also been successful, and we have been able to integrate businesses due to our strong management with integration experience. In 1Q22, GCAP successfully completed the first stage of the water utility business disposal, which represents our most significant monetisation event to date and marks the completion of the full investment cycle for one of our large portfolio businesses: from acquisition and development to cash exit. The disposal realised US$ 180 million cash proceeds in February 2022 and created substantial value for our shareholders. The transaction marks the achievement of our previously announced key strategic priority to dispose of one of our large portfolio companies.

Statement of Directors' Responsibilities

We, the Directors, confirm that to the best of our knowledge:

- The unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the United Kingdom and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- This Results Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- This Results Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related parties' transactions and changes therein)

After making enquiries, the Directors considered it appropriate to adopt the going concern basis in preparing this Results Report.

The Directors of the Group are as follows:

Irakli Gilauri

David Morrison

Kim Bradley

Jyrki Talvitie

Massimo Gesua' sive Salvadori

Maria Chatti-Gautier

By order of the Board

Irakli Gilauri

Chairman & Chief Executive Officer

11 August 2022

Georgia Capital PLC Unaudited Interim Condensed Financial Statements

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INTERIM CONDENSED FINANCIAL STATEMENTS

SELECTED EXPLANATORY NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

(Thousands of Georgian Lari)

	Notes	*30 June 2022 (unaudited)*	*31 December 2021*
Assets			
Cash and cash equivalents*		32,232	7,200
Prepayments		448	406
Equity investments at fair value	5	2,303,029	2,881,373
Total assets		**2,335,709**	**2,888,979**
Liabilities			
Other liabilities		3,148	5,357
Total liabilities		**3,148**	**5,357**
Equity			
Share capital	6	1,502	1,547
Additional paid-in capital and merger reserve		238,311	238,311
Treasury shares		(10)	-
Retained earnings		2,092,758	2,643,764
Total equity		**2,332,561**	**2,883,622**
Total liabilities and equity		**2,335,709**	**2,888,979**

**As at 30 June 2022 and 31 December 2021 cash and cash equivalents consist of current accounts with credit institutions.*

The Company's distributable reserves as at 30 June 2022 were GEL 1,243,272 (31 December 2021: 1,293,084).

The financial statements on page 39 to 63 were approved by the Board of Directors on 11 August and signed on its behalf by:

Irakli Gilauri Chief Executive Officer

11 August 2022

Georgia Capital PLC
Registered No. 10852406

The accompanying notes on pages 43 to 63 are an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2022

(Thousands of Georgian Lari)

	Notes	30 June 2022 (unaudited)	30 June 2021 (unaudited)
(Losses)/gains on investments at fair value	5	(501,249)	329,581
Gross investment (loss) /profit		**(501,249)**	**329,581**
Administrative expenses		(2,436)	(2,879)
Salaries and other employee benefits		(1,348)	(1,384)
(Loss)/profit before foreign exchange and non-recurring items		**(505,033)**	**325,318**
Net foreign currency loss		(3,929)	(146)
Non-recurring expense		(129)	-
(Loss)/profit before income taxes		**(509,091)**	**325,172**
Income tax		-	-
(Loss)/profit for the period		**(509,091)**	**325,172**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		**(509,091)**	**325,172**
(Loss)/earnings per share:	6		
– basic		(11.8388)	7.3114
– diluted		(11.8388)	7.2583

The accompanying notes on pages 43 to 63 are an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital and merger reserve*	*Treasury Shares*	*Retained earnings*	*Total*
31 December 2021	**1,547**	**238,311**	**-**	**2,643,764**	**2,883,622**
Loss for the period	-	-	-	(509,091)	(509,091)
Total comprehensive loss for the period	**-**	**-**	**-**	**(509,091)**	**(509,091)**
Increase in equity arising from share-based payments	-	-	-	223	223
Cancellation of shares (Note 6)	(45)	-	45	-	-
Purchase of treasury shares (Note 6)	-	-	(55)	(42,138)	(42,193)
30 June 2022 (unaudited)	**1,502**	**238,311**	**(10)**	**2,092,758**	**2,332,561**

	Share capital	*Additional paid-in capital and merger reserve*	*Retained earnings*	*Total*
31 December 2020	**1,574**	**238,311**	**1,972,407**	**2,212,292**
Profit for the period	-	-	325,172	325,172
Total comprehensive profit for the period	**-**	**-**	**325,172**	**325,172**
Increase in equity arising from share-based payments	-	-	266	266
Purchase of treasury shares	-	-	(194)	(194)
30 June 2021 (unaudited)	**1,574**	**238,311**	**2,297,651**	**2,537,536**

The accompanying notes on pages 43 to 63 are an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

(Thousands of Georgian Lari)

	Notes	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Cash flows from operating activities			
Salaries and other employee benefits paid		(1,117)	(1,104)
General, administrative and operating expenses paid		(1,319)	(3,456)
Net other expense paid		(3,065)	-
Net cash flows used in operating activities before income tax		**(5,501)**	**(4,560)**
Income tax paid		-	-
Net Cash flows used in operating activities		**(5,501)**	**(4,560)**
Cash flows from investing activities			
Capital redemption from subsidiary	5	77,095	4,500
Cash flows from investing activities		**77,095**	**4,500**
Cash flows from financing activities			
Other purchases of treasury shares	6	(41,946)	-
Contributions under share-based payment plan	6	(247)	(194)
Net cash used in financing activities		**(42,193)**	**(194)**
Effect of exchange rates changes on cash and cash equivalents		(4,369)	(52)
Net increase/ (decrease) in cash and cash equivalents		**25,032**	**(306)**
Cash and cash equivalents, beginning of the period		**7,200**	**855**
Cash and cash equivalents, end of the period		**32,232**	**549**

The accompanying notes on pages 43 to 63 are an integral part of these interim condensed financial statements.

1. Principal Activities

Georgia Capital PLC ("Georgia Capital" or the "Company") is a public limited liability company incorporated in England and Wales with registered number 10852406. Georgia Capital PLC holds 100% of the share capital of the JSC Georgia Capital ("JSC GCAP"), which makes up a group of companies (the "Group"), focused on buying, building and developing businesses in Georgia. The Group currently has the following portfolio businesses (i) a retail (pharmacy) business, (ii) a hospitals business, (iii) an insurance business (P&C and medical insurance); (iv) a clinics and diagnostics business, (v) a renewable energy business (hydro and wind assets) and (vi) an education business; Georgia Capital also holds other small private businesses across different industries in Georgia; a 20% equity stake in the water utility business and a 19.9% equity stake in LSE premium-listed Bank of Georgia Group PLC ("BoG"), a leading universal bank in Georgia. The shares of Georgia Capital are admitted to the premium listing segment of the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange PLC's Main Market for listed securities under the ticker CGEO, effective 29 May 2018.

Georgia Capital's registered legal address is 84 Brook Street, London W1K 5EH, England, United Kingdom.

As at 30 June 2022 and 31 December 2021, the following shareholders owned more than 5% of the total outstanding shares* of Georgia Capital. Other shareholders individually owned less than 5% of the outstanding shares.

Shareholder	***30 June 2022 (unaudited)***	***31 December 2021***
Gemsstock Ltd	10%	0%
Allan Gray Ltd	7%	6%
Others	83%	94%
Total	**100%**	**100%**

For the purposes of calculating percentage of shareholding, the denominator includes total number of issued shares which includes shares held in the trust for share-based compensation purposes of the Group.

2. Basis of Preparation

General

The Company's condensed half year financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the United Kingdom. They should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with UK-adopted international accounting standards ("IFRS"), were approved by the Board on 24 March 2021 and delivered to the Registrar of Companies.

The interim condensed financial statements are unaudited, not reviewed by auditors pursuant to the Auditing Practices Board guidance on "Review of interim financial information".

These interim condensed financial statements are presented in thousands of Georgian Lari ("GEL"), except per share amounts, which are presented in Georgian Lari, and unless otherwise noted.

Going concern

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

3. Significant accounting policies

Accounting policies

The accounting policies and methods of computation applied in the preparation of these interim condensed financial statements are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 31 December 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

IFRS 17 Insurance contracts
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

4. Segment Information

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

Listed and observable portfolio companies segment

BOG - the Company has a significant investment in London Stock Exchange premium listed Bank of Georgia Group PLC.
Water Utility - the Company has 20% equity stake in the Water Utility business, following the disposal of 80% of its shares during 2021. Water Utility is a regulated monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services.

Private portfolio companies segment

Large portfolio companies segment:

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

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

Investment stage portfolio companies segment:

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

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

Other portfolio companies segment:

The other portfolio companies segment includes Housing Development, Hospitality and Commercial Real Estate, Beverages, Auto Service and IT Outsourcing businesses.

Corporate Centre comprising of Georgia Capital PLC and JSC Georgia Capital.

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

In 2022, Georgia Capital revised the presentation of its segment note. Following the disposal of 80% of water utility shares, the remaining 20% equity stake in the business is presented under the listed and observable portfolio category, alongside the 19.9% investment in BoG. In addition, the healthcare services business (previously included under Large portfolio companies) is now split into two individual businesses (Hospitals, and Clinics & Diagnostics) given the differences in their stage of development. Hospitals business is still presented under the large portfolio category. Clinics and Diagnostics are presented alongside Renewable Energy and Education under the investment stage portfolio category. The information for the six months ended 30 June 2022 is presented on both the old basis and the new basis.

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents the net asset value (NAV) of the Group's operating segments at 30 June 2022 and the roll-forward from 31 December 2021 (new basis):

NAV Statement	*31 December 2021*	*1.Value Creation*	*2a. Investments & Divestments*	*2b. Buybacks*	*2c. Dividends*	*3.Operating Expenses*	*4. Liquidity Management/ FX / Other*	*30 June 2022*
Listed and Observable Portfolio Companies	**681,186**	**(189,061)**	**139,392**	**-**	**(22,798)**	**-**	**-**	**608,719**
BoG	681,186	(202,669)	-	-	(22,798)	-	-	455,719
Water Utility	-	13,608	139,392	-	-	-	-	153,000
Private Portfolio Companies	**2,935,045**	**(276,205)**	**(552,804)**	**-**	**(11,623)**	**-**	**2,281**	**2,096,694**
Large Portfolio Companies	**2,249,260**	**(156,554)**	**(696,960)**	**-**	**(7,374)**	**-**	**821**	**1,389,193**
Retail (Pharmacy)	710,385	(39,358)	-	-	-	-	-	671,027
Hospitals	573,815	(95,769)	-	-	-	-	-	478,046
Water Utility	696,960	-	(696,960)	-	-	-	-	-
Insurance (P&C and Medical)	268,100	(21,427)	-	-	(7,374)	-	821	240,120
Of which, P&C Insurance	211,505	(5,142)	-	-	(7,374)	-	821	199,810
Of which, Health Insurance	56,595	(16,285)	-	-	-	-	-	40,310
Investment Stage Portfolio Companies	**461,140**	**(14,970)**	**1,559**	**-**	**(4,249)**	**-**	**487**	**443,967**
Clinics and diagnostics	158,004	(37,958)	-	-	-	-	-	120,046
Renewable energy	173,288	2,247	395	-	(4,249)	-	487	172,168
Education	129,848	20,741	1,164	-	-	-	-	151,753
Other Portfolio Companies	**224,645**	**(104,681)**	**142,597**	**-**	**-**	**-**	**973**	**263,534**
Total Portfolio Value	**3,616,231**	**(465,266)**	**(413,412)**	**-**	**(34,421)**	**-**	**2,281**	**2,705,413**
Net Debt	**(711,074)**	**-**	**419,419**	**(53,540)**	**34,421**	**(10,951)**	**(44,189)**	**(365,914)**
of which, Cash and liquid funds	272,317	-	555,996	(53,540)	11,623	(10,951)	(112,078)	663,367
of which, Loans issued	154,214	-	(136,577)	-	-	-	7,737	25,374
of which, Dividend receivable	-	-	-	-	22,798	-	-	22,798
of which, Gross Debt	(1,137,605)	-	-	-	-	-	60,152	(1,077,453)
Net other assets/ (liabilities)	(21,535)	-	(6,007)	-	-	(8,749)	29,353	(6,938)
Net Asset Value	**2,883,622**	**(465,266)**	**-**	**(53,540)**	**-**	**(19,700)**	**(12,555)**	**2,332,561**

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents the net asset value (NAV) of the Group's operating segments at 30 June 2022 and the roll-forward from 31 December 2021 (old basis):

NAV Statement	*31 December 2021*	*1.Value Creation*	*2a. Investments & Divestments*	*2b. Buybacks*	*2c. Dividends*	*3.Operating Expenses*	*4. Liquidity Management/ FX / Other*	*30 June 2022*
Listed Portfolio Companies	**681,186**	**(202,669)**	**-**	**-**	**(22,798)**	**-**	**-**	**455,719**
BoG	681,186	(202,669)	-	-	(22,798)	-	-	455,719
Private Portfolio Companies	**2,935,045**	**(262,597)**	**(413,412)**	**-**	**(11,623)**	**-**	**2,281**	**2,249,694**
Large Portfolio Companies	**2,407,264**	**(180,904)**	**(557,568)**	**-**	**(7,374)**	**-**	**821**	**1,662,239**
Healthcare Services	731,819	(133,727)	-	-	-	-	-	598,092
Retail (Pharmacy)	710,385	(39,358)	-	-	-	-	-	671,027
Water Utility	696,960	13,608	(557,568)	-	-	-	-	153,000
Insurance (P&C and Medical)	268,100	(21,427)	-	-	(7,374)	-	821	240,120
Of which, P&C Insurance	211,505	(5,142)	-	-	(7,374)	-	821	199,810
Of which, Health Insurance	56,595	(16,285)	-	-	-	-	-	40,310
Investment Stage Portfolio Companies	**303,136**	**22,988**	**1,559**	**-**	**(4,249)**	**-**	**487**	**323,921**
Renewable energy	173,288	2,247	395	-	(4,249)	-	487	172,168
Education	129,848	20,741	1,164	-	-	-	-	151,753
Other Portfolio Companies	**224,645**	**(104,681)**	**142,597**	**-**	**-**	**-**	**973**	**263,534**
Total Portfolio Value	**3,616,231**	**(465,266)**	**(413,412)**	**-**	**(34,421)**	**-**	**2,281**	**2,705,413**
Net Debt	**(711,074)**	**-**	**419,419**	**(53,540)**	**34,421**	**(10,951)**	**(44,189)**	**(365,914)**
of which, Cash and liquid funds	272,317	-	555,996	(53,540)	11,623	(10,951)	(112,078)	663,367
of which, Loans issued	154,214	-	(136,577)	-	-	-	7,737	25,374
of which, Dividend receivable	-	-	-	-	22,798	-	-	22,798
of which, Gross Debt	(1,137,605)	-	-	-	-	-	60,152	(1,077,453)
Net other assets/ (liabilities)	(21,535)	-	(6,007)	-	-	(8,749)	29,353	(6,938)
Net Asset Value	**2,883,622**	**(465,266)**	**-**	**(53,540)**	**-**	**(19,700)**	**(12,555)**	**2,332,561**

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents the NAV statement of the Group's operating segments at 30 June 2021 and the roll forward from 31 December 2020:

NAV Statement	*31 December 2020*	*1. Value Creation*	*2a. Investments*	*2b. Buybacks*	*2c. Dividends*	*3. Operating Expenses*	*4. Liquidity Management/ FX / Other*	*30 June 2021*
Listed Portfolio Companies	**531,558**	**43,836**	**-**	**-**	**-**	**-**	**-**	**575,394**
BoG	531,558	43,836	-	-	-	-	-	575,394
Private Portfolio Companies	**2,376,130**	**296,613**	**10,588**	**-**	**(14,430)**	**-**	**3,031**	**2,671,932**
Large Portfolio Companies	**1,858,237**	**230,090**	**-**	**-**	**(4,959)**	**-**	**1,408**	**2,084,776**
Healthcare Services	571,656	114,165	-	-	-	-	-	685,821
Retail (Pharmacy)	552,745	27,657	-	-	-	-	-	580,402
Water Utility	471,148	76,097	-	-	-	-	985	548,230
Insurance (P&C and Medical)	262,688	12,171	-	-	(4,959)	-	423	270,323
Of which, P&C Insurance	197,806	13,081	-	-	(4,959)	-	423	206,351
Of which, Health Insurance	64,882	(910)	-	-	-	-	-	63,972
Investment Stage Portfolio Companies	**302,964**	**40,310**	**10,338**	**-**	**(9,471)**	**-**	**627**	**344,768**
Renewable energy	209,902	17,103	2,948	-	(9,471)	-	627	221,109
Education	93,062	23,207	7,390	-	-	-	-	123,659
Other Portfolio Companies	**214,929**	**26,213**	**250**	**-**	**-**	**-**	**996**	**242,388**
Total Portfolio Value	**2,907,688**	**340,449**	**10,588**	**-**	**(14,430)**	**-**	**3,031**	**3,247,326**
Net Debt	**(697,999)**	**-**	**(10,588)**	**(3,199)**	**14,430**	**(10,837)**	**(5,872)**	**(714,065)**
of which, Cash and liquid funds	175,289	-	(10,588)	(3,199)	14,430	(10,837)	118,802	283,897
of which, Loans issued	108,983	-	-	-	-	-	49,208	158,191
of which, Gross Debt	(982,271)	-	-	-	-	-	(173,882)	(1,156,153)
Net other assets/ (liabilities)	2,603	-	-	-	-	(7,259)	8,931	4,275
Net Asset Value	**2,212,292**	**340,449**	**-**	**(3,199)**	**-**	**(18,096)**	**6,090**	**2,537,536**

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

Net debt and Net other assets/(liabilities) represent corporate centre.

(Thousands of Georgian Lari)

4. Segment Information (continued)

Reconciliation to IFRS financial statements:

	30 June 2022					
	Georgia Capital PLC	***Aggregation with JSC Georgia Capital****	***Elimination of double effect on investments***	***Aggregated Holding Company***	***Reclassifications*****	***NAV Statement***
Cash and cash equivalents	32,232	150,688	-	182,920	(182,920)	-
Amounts due from credit institutions	-	182,881	-	182,881	(182,881)	-
Marketable securities	-	137,186	-	137,186	(137,186)	-
Investment in redeemable securities	-	13,523	-	13,523	(13,523)	-
Accounts receivable	448	22,909	-	23,357	(23,357)	-
Loans issued	-	25,374	-	25,374	(25,374)	-
Other assets, net	-	2,718	-	2,718	(2,718)	-
Equity investments at fair value	2,303,029	2,705,413	(2,303,029)	2,705,413	-	2,705,413
Total assets	**2,335,709**	**3,240,692**	**(2,303,029)**	**3,273,372**	**(567,959)**	**2,705,413**
Debt securities issued	-	924,057	-	924,057	(924,057)	-
Other liabilities	3,148	13,606	-	16,754	(16,754)	-
Total liabilities	**3,148**	**937,663**	**-**	**940,811**	**(940,811)**	**-**
Net Debt	-	-	-	-	(365,914)	(365,914)
of which, Cash and liquid funds	-	-	-	-	*663,367*	*663,367*
of which, Loans issued	-	-	-	-	*25,374*	*25,374*
of which, Dividend receivable					*22,798*	*22,798*
of which, Gross Debt	-	-	-	-	*(1,077,453)*	*(1,077,453)*
Net other assets/ (liabilities)	-	-	-	-	(6,938)	(6,938)
Total equity/NAV	**2,332,561**	**2,303,029**	**(2,303,029)**	**2,332,561**	**-**	**2,332,561**

	30 June 2021 (unaudited)					
	Georgia Capital PLC	***Aggregation with JSC Georgia Capital****	***Elimination of double effect on investments***	***Aggregated Holding Company***	***Reclassifications*****	***NAV Statement***
Cash and cash equivalents	549	103,897	-	104,446	(104,446)	-
Amounts due from credit institutions	-	85,593	-	85,593	(85,593)	-
Marketable securities	-	79,027	-	79,027	(79,027)	-
Prepayments	530	-	-	530	(530)	-
Loans issued	-	158,191	-	158,191	(158,191)	-
Other assets, net	-	9,952	-	9,952	(9,952)	-
Equity investments at fair value	2,538,371	3,247,326	(2,538,371)	3,247,326	-	3,247,326
Total assets	**2,539,450**	**3,683,986**	**(2,538,371)**	**3,685,065**	**(437,739)**	**3,247,326**
Debt securities issued	-	1,141,320	-	1,141,320	(1,141,320)	-
Other liabilities	1,914	4,295	-	6,209	(6,209)	-
Total liabilities	**1,914**	**1,145,615**	**-**	**1,147,529**	**(1,147,529)**	**-**
Net Debt	-	-	-	-	(714,065)	(714,065)
of which, Cash and liquid funds	-	-	-	-	*283,897*	*283,897*
of which, Loans issued	-	-	-	-	*158,191*	*158,191*
of which, Gross Debt	-	-	-	-	*(1,156,153)*	*(1,156,153)*
Net other assets/ (liabilities)	-	-	-	-	4,275	4,275
Total equity/NAV	**2,537,536**	**2,538,371**	**(2,538,371)**	**2,537,536**	**-**	**2,537,536**

** For a detailed breakdown of JSC Georgia Capital refer to note 7.*
*** Reclassification and adjustments to aggregated balances to arrive at the NAV specific presentation, such as: aggregating cash, marketable securities, repurchased GCAP bonds as cash and liquid funds, debt securities issued as gross debt and netting of other assets and liabilities; capitalization of project development related expenses.*

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents income statement information of the Group's operating segments for the six months ended 30 June 2022 (unaudited) (new basis):

		Private Portfolio Companies							
	Listed & observable Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***	***Intragroup Investment Reversal and Adjustments***	***Equity Changes in JSC GCAP***	***Investment Entity Total***
(Losses)/gains on investments at fair value	(211,859)	(163,928)	(19,219)	(104,681)	-	(499,687)	5,851	(7,413)	(501,249)
Listed and observable Investments	*(211,859)*	-	-	-	-	*(211,859)*	*211,859*	-	-
Private Investments	-	*(163,928)*	*(19,219)*	*(104,681)*	-	*(287,828)*	*(206,008)*	*(7,413)*	*(501,249)*
Dividend income	*22,798*	7,374	4,249	-	-	34,421	(34,421)	-	-
Interest income	-	-	-	-	18,150	18,150	(18,150)	-	-
Loss on liquid funds	-	-	-	-	(11,435)	(11,435)	11,435	-	-
Gross investment (loss)/profit	**(189,061)**	**(156,554)**	**(14,970)**	**(104,681)**	**6,715**	**(458,551)**	**(35,285)**	**(7,413)**	**(501,249)**
Administrative expenses	-	-	-	-	(6,087)	(6,087)	3,651	-	(2,436)
Salaries and other employee benefits	-	-	-	-	(13,613)	(13,613)	12,265	-	(1,348)
Interest expense	-	-	-	-	(37,679)	(37,679)	37,679	-	-
(Loss)/Profit before provisions, foreign exchange and non-recurring items	**(189,061)**	**(156,554)**	**(14,970)**	**(104,681)**	**(50,664)**	**(515,930)**	**18,310**	**(7,413)**	**(505,033)**
Expected credit loss	-	-	-	-	(712)	(712)	712	-	-
Net foreign currency gain/(loss)	-	-	-	-	15,160	15,160	(19,089)	-	(3,929)
Non-recurring expense	-	-	-	-	(196)	(196)	67	-	(129)
Loss before income taxes	**(189,061)**	**(156,554)**	**(14,970)**	**(104,681)**	**(36,412)**	**(501,678)**	**-**	**(7,413)**	**(509,091)**
Income tax	-	-	-	-	-	-	-	-	-
Loss for the period	**(189,061)**	**(156,554)**	**(14,970)**	**(104,681)**	**(36,412)**	**(501,678)**	**-**	**(7,413)**	**(509,091)**

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents income statement information of the Group's operating segments for the six months ended 30 June 2022 (unaudited) (old basis):

		Private Portfolio Companies							
	Listed Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***	***Intragroup Investment Reversal and Adjustments***	***Equity Changes in JSC GCAP***	***Investment Entity Total***
(Losses)/gains on investments at fair value	(225,467)	(188,278)	18,739	(104,681)	-	(499,687)	5,851	(7,413)	(501,249)
Listed Equity Investments	*(225,467)*	-	-	-	-	(225,467)	*225,467*	-	-
Private Investments	-	*(188,278)*	*18,739*	*(104,681)*	-	(274,220)	*(219,616)*	*(7,413)*	*(501,249)*
Dividend income	*22,798*	7,374	4,249	-	-	34,421	(34,421)	-	-
Interest income	-	-	-	-	18,150	18,150	(18,150)	-	-
Loss on liquid funds	-	-	-	-	(11,435)	(11,435)	11,435	-	-
Gross investment (loss)/profit	**(202,669)**	**(180,904)**	**22,988**	**(104,681)**	**6,715**	**(458,551)**	**(35,285)**	**(7,413)**	**(501,249)**
Administrative expenses	-	-	-	-	(6,087)	(6,087)	3,651	-	(2,436)
Salaries and other employee benefits	-	-	-	-	(13,613)	(13,613)	12,265	-	(1,348)
Interest expense	-	-	-	-	(37,679)	(37,679)	37,679	-	-
(Loss)/Profit before provisions, foreign exchange and non-recurring items	**(202,669)**	**(180,904)**	**22,988**	**(104,681)**	**(50,664)**	**(515,930)**	**18,310**	**(7,413)**	**(505,033)**
Expected credit loss	-	-	-	-	(712)	(712)	712	-	-
Net foreign currency gain/(loss)	-	-	-	-	15,160	15,160	(19,089)	-	(3,929)
Non-recurring expense	-	-	-	-	(196)	(196)	67	-	(129)
Loss before income taxes	**(202,669)**	**(180,904)**	**22,988**	**(104,681)**	**(36,412)**	**(501,678)**	**-**	**(7,413)**	**(509,091)**
Income tax	-	-	-	-	-	-	-	-	-
Loss for the period	**(202,669)**	**(180,904)**	**22,988**	**(104,681)**	**(36,412)**	**(501,678)**	**-**	**(7,413)**	**(509,091)**

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents income statement information of the Group's operating segments for the six months ended 30 June 2021 (unaudited):

		Private Portfolio Companies							
	Listed Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***	***Intragroup Investment Reversal and Adjustments***	***Equity Changes in JSC GCAP***	***Investment Entity Total***
Gains on investments at fair value	43,836	225,131	30,839	26,213	-	326,019	1,685	1,877	329,581
Listed Equity Investments	*43,836*	-	-	-	-	*43,836*	*(43,836)*		-
Private Investments	-	*225,131*	*30,839*	*26,213*	-	*282,183*	*45,521*	*1,877*	*329,581*
Dividend income	-	4,959	9,471	-	-	14,430	(14,430)		-
Interest income	-	-	-	-	10,617	10,617	(10,617)		-
Realised / unrealised loss on liquid funds	-	-	-	-	1,516	1,516	(1,516)	-	-
Gross investment profit / (loss)	**43,836**	**230,090**	**40,310**	**26,213**	**12,133**	**352,582**	**(24,878)**	**1,877**	**329,581**
Administrative expenses	-	-	-	-	(5,840)	(5,840)	2,961	-	(2,879)
Salaries and other employee benefits	-	-	-	-	(12,256)	(12,256)	10,872	-	(1,384)
Interest expense	-	-	-	-	(37,520)	(37,520)	37,520	-	-
Profit / (loss) before provisions, foreign exchange and non-recurring items	**43,836**	**230,090**	**40,310**	**26,213**	**(43,483)**	**296,966**	**26,475**	**1,877**	**325,318**
Expected credit loss	-	-	-	-	(570)	(570)	570	-	-
Net foreign currency gain	-	-	-	-	27,117	27,117	(27,263)	-	(146)
Non-recurring expense	-	-	-	-	(218)	(218)	218	-	-
Profit / (loss) before income taxes	**43,836**	**230,090**	**40,310**	**26,213**	**(17,154)**	**323,295**	**-**	**1,877**	**325,172**
Income tax	-	-	-	-	-	-	-	-	-
Profit / (loss) for the year	**43,836**	**230,090**	**40,310**	**26,213**	**(17,154)**	**323,295**	**-**	**1,877**	**325,172**

5. Equity Investments at Fair Value

	30 June 2022 (unaudited)	*31 December 2021*
Subsidiaries (Note 7)	2,303,029	2,881,373
Equity Investments at Fair Value	**2,303,029**	**2,881,373**

	2022	*2021*
At 1 January	**2,881,373**	**2,213,290**
Fair Value gain and dividend income	(501,249)	329,581
Capital redemption*	(77,095)	(4,500)
At 30 June (unaudited)	**2,303,029**	**2,538,371**

* During six months ended 30 June 2022 JSC Georgia Capital made a capital reduction to its 100% shareholder with total cash consideration of GEL 77,095 (30 June 2021: GEL 4,500), of which cash consideration GEL 77,095 (30 June 2021: GEL 4,500).

Georgia Capital PLC holds a single investment in JSC Georgia Capital (an investment entity on its own), which holds a portfolio of investments, both meet the definition of investment entity and Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit or loss. For the breakdown and detailed information regarding the equity investments at fair value, refer to note 7.

6. Equity

Share capital

As at 30 June 2022 issued share capital comprised 47,693,708 authorised common shares (30 June 2021: 47,903,785), of which 47,693,708 (30 June 2021: 47,903,785) were fully paid. Each share has a nominal value of one British penny. Shares issued and outstanding as at 30 June 2022 and 30 June 202 are described below:

	Number of shares Ordinary	*Amount*
31 December 2021	**47,080,203**	**1,547**
Cancellation of shares	(1,386,495)	(45)
30 June 2022 (unaudited)	**45,693,708**	**1,502**

	Number of shares Ordinary	*Amount*
31 December 2020	**47,903,785**	**1,574**
30 June 2021 (unaudited)	**47,903,785**	**1,574**

Treasury Shares

During six months ended 30 June 2022, the Company paid cash consideration of GEL 42,193 (30 June 2021: GEL 194) for acquisition of treasury shares, of which GEL 247 (30 June 2021: GEL 194) was related to shares acquired for settlement of employee share-based payments and GEL 41,946 (30 June 2021: GEL nil) were other acquisitions made by the Company, including those under the share buyback programme.

During the six months ended 30 June 2022 1,386,495 treasury shares bought back under the Buyback Program were cancelled.

(Thousands of Georgian Lari)

6. Equity (continued)

(Loss)/earnings per share

	30 June 2022 (unaudited)	***30 June 2021 (unaudited)***
Basic earnings per share		
(Loss)/profit for the period attributable to ordinary shareholders of the parent	(509,091)	325,172
Weighted average number of ordinary shares outstanding during the year	43,001,913	44,474,927
(Loss)/earnings per share	(11.8388)	7.3114
Diluted earnings per share		
(Loss)/profit for the period attributable to ordinary shareholders of the Group	(509,091)	325,172
Weighted average number of diluted ordinary shares outstanding during the year	43,001,913	44,799,824
Diluted (loss)/earnings per share	(11.8388)	7.2583

7. Fair Value Measurements

Fair value hierarchy

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

30 June 2022 (unaudited)	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Equity investments at fair value	-	-	2,303,029	2,303,029
Assets for which fair values are disclosed				
Cash and cash equivalents	-	32,232	-	32,232

31 December 2021	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Equity investments at fair value	-	-	2,881,373	2,881,373
Assets for which fair values are disclosed				
Cash and cash equivalents	-	7,200	-	7,200

Valuation techniques

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

Valuation techniques (continued)

Investment in subsidiaries

Equity investments at fair value include investment in subsidiary at fair value through profit or loss representing 100% interest of JSC Georgia Capital. Georgia Capital PLC holds a single investment in JSC Georgia Capital (an investment entity on its own), which holds a portfolio of investments, both meet the definition of investment entity and Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit or loss. Investments in investment entity subsidiaries and loans issued are accounted for as financial instruments at fair value through profit and loss in accordance with IFRS 9. Debt securities owned are measured at fair value. We determine that, in the ordinary course of business, the net asset value of investment entity subsidiaries is considered to be the most appropriate to determine fair value. JSC Georgia Capital's net asset value as of 30 June 2022 and 31 December 2021 is determined as follows:

	As at 30 June 2022 (unaudited)
Assets	
Cash and cash equivalents	150,688
Amounts due from credit institutions	182,881
Marketable securities	137,186
Investment in redeemable securities	13,523
Accounts receivable	22,909
Equity investments at fair value	2,705,413
Of which listed and observable investments	***608,719***
BOG	*455,719*
Water utility	*153,000*
Of which private investments:	***2,096,694***
Large portfolio companies	***1,389,193***
Retail (Pharmacy)	*671,027*
Hospitals	*478,046*
P&C insurance	*199,810*
Medical insurance	*40,310*
Investment stage portfolio companies	***443,967***
Clinics and diagnostics	*120,046*
Renewable energy	*172,168*
Education	*151,753*
Other portfolio companies	***263,534***
Loans issued	25,374
Other assets	2,718
Total assets	**3,240,692**
Liabilities	
Debt securities issued	924,057
Other liabilities	13,606
Total liabilities	**937,663**
Net Asset Value	**2,303,029**

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

Valuation techniques (continued)

Investment in subsidiaries (continued)

	As at	
	30 June 2022 (unaudited)*	***31 December 2021***
Assets		
Cash and cash equivalents	150,688	89,714
Amounts due from credit institutions	182,881	35,667
Marketable securities	137,186	79,716
Investment in redeemable securities	13,523	17,849
Accounts receivable	22,909	-
Equity investments at fair value	2,705,413	3,616,231
Of which listed investments	***455,719***	***681,186***
BOG	455,719	681,186
Of which private investments:	***2,249,694***	***2,935,045***
Large portfolio companies	***1,662,239***	***2,407,264***
Healthcare services	598,092	731,819
Retail (Pharmacy)	671,027	710,385
Water utility	153,000	696,960
P&C insurance	199,810	211,505
Medical insurance	40,310	56,595
Investment stage portfolio companies	***323,921***	***303,136***
Renewable energy	172,168	173,288
Education	151,753	129,848
Other portfolio companies	***263,534***	***224,645***
Loans issued	25,374	154,214
Other assets	2,718	8,475
Total assets	**3,240,692**	**4,001,866**
Liabilities		
Debt securities issued	924,057	1,095,433
Other liabilities	13,606	25,060
Total liabilities	**937,663**	**1,120,493**
Net Asset Value	**2,303,029**	**2,881,373**

* 30 June 2022 figures are presented on old basis to be comparable with prior period numbers. Current period figures on new basis are presented in the table above.

In measuring fair values of JSC Georgia Capital's investments, following valuation methodology is applied:

Equity Investments in Listed and Observable Portfolio Companies

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

Equity Investments in Private Portfolio Companies

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

7. Fair Value Measurement (continued)

Valuation techniques (continued)

Equity Investments in Private Portfolio Companies (continued)

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

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

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

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

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

Listed Peer Group Multiples

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

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

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

a. Valuation based on enterprise value

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

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

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

- Net financial debt appearing in the most recent financial statements is subtracted from the enterprise value. If net debt exceeds enterprise value, the value of shareholders' equity remains at zero (assuming the debt is without recourse to Georgia Capital).
- The resulting fair value of equity is apportioned between Georgia Capital and other shareholders of the company being valued, if applicable.

7. Fair Value Measurement (continued)

Valuation techniques (continued)

Equity Investments in Private Portfolio Companies (continued)

Valuation based on enterprise value using peer multiples is used for businesses within non-financial industries.

b. Equity fair value valuation

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

Discounted cash flow

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

Net Asset Value

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

Price of recent investment

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

Exit price

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

Validation

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

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

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

Valuation process for Level 3 valuations

Georgia Capital hired third-party valuation professionals to assess fair value of the large private portfolio companies as at 30 June 2021 and 31 December 2021. Starting from 2022 third-party valuation professionals are hired to assess fair value of the investment stage private portfolio companies as well. As of 30 June 2022 such businesses include Hospitals, P&C insurance, Retail (Pharmacy), Medical Insurance, Clinics & Diagnostics, Renewable energy, Education. The valuation is performed by applying several valuation methods that are weighted to derive fair value range, with the income approach being more heavily weighted than market approach. Management selects most appropriate point in the provided fair value range at the reporting date. Fair values of investments in other private portfolio companies are assessed internally in accordance with Georgia Capital's valuation methodology by the Valuation Workgroup.

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

Description of significant unobservable inputs to level 3 valuations

The approach to valuations as of 30 June 2022 was consistent with the Company's valuation process and policy. Management continues to monitor the impact that the COVID-19 pandemic has on the valuation of portfolio companies.

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

30 June 2022 (unaudited)

Description	*Valuation technique*	*Unobservable input*	*Range [selected input]*	*Fair value*
Loans Issued	DCF	Discount rate	5.5%-16%	*25,374*
Equity investments at fair value				
Large portfolio				*1,389,193*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	5.8x-21.6x [8.3x]	*671,027*
Hospitals	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.1x-23.6x [10.5x]	*478,046*
P&C insurance	*DCF, P/E*	P/E multiple	4.6x-20.1x [11.0x]	*199,810*
Medical insurance	*DCF, P/E*	P/E multiple	6.2x-9.8x [14.5x]	*40,310*
Investment stage				*443,967*
Clinics and diagnostics	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.1x-23.6x [9.8x]	*120,046*
Renewable energy	DCF, EV/EBITDA	EV/EBITDA multiple	4.6x-19.9x [11.1 x]	*172,168*
Education	DCF, EV/EBITDA	EV/EBITDA multiple	8.4x-41.7x [15.3x]	*151,753*
Other	Sum of the parts	EV/EBITDA multiples	1.4x-18.3x [4.0x-10.0x]	*263,534*
		EV/Sales multiple	1.1x-2.9x [1.6x]	
		Cashflow probability	[90%-100%]	
		NAV multiple	[1.0 x]	

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

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

31 December 2021

Description	*Valuation technique*	*Unobservable input*	*Range [selected input]*	*Fair value*
Loans Issued	DCF	Discount rate	5.5%-16%	*154,214*
Equity investments at fair value				
Large portfolio				*2,407,264*
Healthcare services	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.9x-22.6x [10.3x]	*731,819*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.8x-19.9x [9.3x]	*710,385*
Water utility	*DCF, EV/EBITDA*	EV/EBITDA multiple	N/A	*696,960*
P&C insurance	*DCF, P/E*	P/E multiple	8.0x-28.7x [12.0x]	*211,505*
Medical insurance	*DCF, P/E*	P/E multiple	9.7x-16.6x [15.0x]	*56,595*
Investment stage				*303,136*
Renewable energy	Sum of the parts	EV/EBITDA multiple	10.1x-19.6x [9.2x-12.5x]	*173,288*
Education	EV/EBITDA	EV/EBITDA multiple	7.3x-21.7x [12.5x]	*129,848*
Other	Sum of the parts	EV/EBITDA multiples	1.1x-17.1x [5.0x-9.8x]	*224,645*
		EV/Sales multiple	1.1x-2.7x [1.9x]	
		Cashflow probability	[90%-100%]	
		NAV multiple	[0.9x]	

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

On 31 December 2021, Georgia Capital signed SPA to dispose 80% interest in Water Utility business. The remaining 20% interest in Water Utility business was valued using the option valuation method as at 30 June 2022 as GCAP has a clear exit path from the business through a put and call structure at pre-agreed EBITDA multiples.

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

As at 30 June 2022, several portfolio companies (Hospitals, Clinics, P&C Insurance, together "Defendants") were engaged in litigation that has been ongoing since 2015 with some of the former shareholders of Insurance Company Imedi L ("Claimants") in relation to the acquisition price of the business. Former shareholders claim that their 66% shares in Insurance Company Imedi L were sold under duress at a price below market value in 2012. Since the outset, GHG and Aldagi have vigorously defended their position that the claims are wholly without merit. Defendants won the case in Tbilisi City Court in 2018. The Claimants appealed against the court decision and in January 2020, Tbilisi Court of Appeals decided to return the case back to Tbilisi City Court for further analysis of the circumstances of the case, this decision was sustained by Supreme Court in February 2022 as well. In July 2022, Tbilisi City Court partially satisfied the Claimants and ruled that claims in the amount of USD 12.7 million principal amount plus an annual 5% interest charge as lost income (USD 21 million in total) should be paid. Defendants have not yet received the written substantiation of the judgment; they believe that no new evidence has been submitted and that there is no sound basis upon which to have reversed the initial ruling. Defendants intend to appeal, will continue to vigorously defend their position and are confident that they will prevail, accordingly defendants have not made a provision for a potential liability in their financial statements. Management shares Defendants' assessment of the merits of the case and considers that the probability of incurring losses on this claim is low, accordingly, fair values of portfolio companies do not take into account a potential liability in relation to this litigation.

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

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

In order to determine reasonably possible alternative assumptions the Company adjusted key unobservable model inputs. The Company adjusted the inputs used in valuation by increasing and decreasing them within a range which is considered by the Company to be reasonable.

If the interest rate for each individual loan issued to subsidiaries as at 30 June 2022 decreased by 20% (31 December 2021: 20%), the amount of loans issued would have decreased by GEL 31 or 0.1% (31 December 2021: increased by GEL 3,174 or 2.1%). If the interest rates increased by 20% (31 December 2021: 20%) then loans issued would have increased by GEL 30 or 0.1% (31 December 2021: decreased by GEL 2,938 or 1.9%).

If the listed peer multiples used in the market approach to value unquoted investments as at 30 June 2022 decreased by 10% (31 December 2021: 10%), value of equity investments at fair value would decrease by GEL 77 million or 2.9% (31 December 2021: GEL 110 million or 3%). If the multiple increased by 10% (31 December 2021: 10%) then the equity investments at fair value would increase by GEL 71 million or 2.6% (31 December 2020: GEL 121 million or 3%).

If the discount rates used in the income approach to value unquoted investments decreased by 50 basis points (31 December 2021: 50 basis points), the value of equity investments at fair value would increase by GEL 70 million or 2.6% (31 December 2021: GEL 90 million or 2%). If the discount rates increased by 50 basis points (31 December 2021: 50 basis points) then the equity investments at fair value would decrease by GEL 72 million or 2.7% (GEL 80 million or 2%). If the discount rate decreased by 100 basis points, the value of equity investments at fair value would increase by GEL 146 million or 5.4% (31 December 2021: GEL 189 million or 5%). If the discount rate increased by 100 basis points then the equity investments at fair value would decrease by GEL 139 million or 5.1% (31 December 2021: GEL 156 million or 4%).

If the multiple used to value unquoted investments valued on NAV and recent transaction price basis (except for Hospitality and Commercial business) as at 30 June 2022 decreased by 10% (31 December 2021: 10%), value of equity investments at fair value would decrease by GEL 7 million or 0.3% (31 December 2021: GEL 7 million or 0.2%). If the multiple increased by 10% then the equity investments at fair value would increase by GEL 7 million or 0.3% (31 December 2021: GEL 7 million or 0.2%).

Movements in level 3 financial instruments measured at fair value

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

	At 1 January 2021	*Fair Value gain*	*Capital redemption*	*Dividend Income*	*At 31 December 2021*	*Fair Value loss*	*Capital redemption*	*At 30 June 2022 (unaudited)*
Level 3 financial assets								
Equity investments at fair value (Note 5)	2,213,290	704,243	(21,679)	(14,481)	2,881,373	(501,249)	(77,095)	2,303,029

(Thousands of Georgian Lari)

8. Maturity Analysis

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

	30 June 2022 (unaudited)		
	Less than 1 Year	*More than 1 Year*	*Total*
Cash and cash equivalents	32,232	-	32,232
Equity investments at fair value	-	2,303,029	2,303,029
Prepayments	448	-	448
Total assets	**32,680**	**2,303,029**	**2,335,709**
Other liabilities	3,148	-	3,148
Total liabilities	**3,148**	**-**	**3,148**
Net	**29,532**	**2,303,029**	**2,332,561**

	31 December 2021		
	Less than 1 Year	*More than 1 Year*	*Total*
Cash and cash equivalents	7,200	-	7,200
Equity investments at fair value	-	2,881,373	2,881,373
Prepayments	406	-	406
Total assets	**7,606**	**2,881,373**	**2,888,979**
Other liabilities	5,357	-	5,357
Total liabilities	**5,357**	**-**	**5,357**
Net	**2,249**	**2,881,373**	**2,883,622**

9. Related Party Disclosures

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

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties are conducted on an arm's length basis. There were no related party transactions as of and for the periods ended 30 June 2021 and 30 June 2022, other than capital redemption from JSC GCAP (note 5) and compensation of key management personnel disclosed below:

Compensation of key management personnel comprised the following:

	30 June 2022 (unaudited)	**30 June 2021 (unaudited)**
Salaries and other benefits	(603)	(1,232)
Share-based payments compensation	(223)	(266)
Total key management compensation	**(826)**	**(1,498)**

Key management personnel do not receive cash settled compensation, except for fixed salaries. The number of key management personnel at 30 June 2022 was 7 (1 executive and 6 members of board of directors) (31 December 2021: 7 (1 executives and 6 members of board of directors).

(Thousands of Georgian Lari)

10. Events after the Reporting Period

Change in fair value and ownership of listed investment

As at 11 August 2022, fair value of listed equity investment of JSC Georgia Capital, BoG, has increased by 22% (or GEL 101,897) compared to 30 June 2022 as a result of increased share price in subsequent period by 33% to GBP 17.4.

In 2Q22, the BoG also announced the commencement of the GEL 72.7 million share buyback and cancellation programme, starting from 11 July 2022 and effective until 31 December 2022. As a result of subsequent buybacks the ownership of JSC GCAP in BoG increased to 20.0% (30 June 2022: 19.9%).

ABOUT GEORGIA CAPITAL PLC

Georgia Capital PLC (LSE: **CGEO LN**) is a platform for buying, building and developing businesses in Georgia (together with its subsidiaries, "**Georgia Capital**" or **"the Group").** The Group's 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. Once Georgia Capital has successfully developed a business, the Group actively manages its portfolio to determine each company's optimal owner. Georgia Capital will normally seek to monetise its investment over a 5-10 year period from initial investment.

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

COMPANY INFORMATION

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Share price information
Shareholders can access both the latest and historical prices via the website
www.georgiacapital.ge