FINANCIAL PERFORMANCE HIGHLIGHTS (IFRS)[1]

GEL '000, unless otherwise noted *(unaudited)*	Jun-23	Mar-23	Change	Dec-22	Change	
Georgia Capital NAV overview						
NAV per share, GEL	73.28	67.72	8.2%	65.56	11.8%	
NAV per share, GBP	22.12	21.41	3.3%	20.12	9.9%	
Net Asset Value (NAV)	3,034,597	2,880,450	5.4%	2,817,391	7.7%	
Liquid assets and loans issued	418,586	379,877	10.2%	438,674	-4.6%	
NCC ratio[2]	17.4%	19.7%	-2.3 ppts	21.1%	-3.7 ppts	
Georgia Capital Performance	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Total portfolio value creation	205,567	(14,446)	NMF	282,461	(465,266)	NMF
of which, listed and observable businesses	*149,951*	*18,646*	*NMF*	*170,791*	*(189,061)*	*NMF*
of which, private businesses	*55,616*	*(33,092)*	*NMF*	*111,670*	*(276,205)*	*NMF*
Investments[3]	3,423	142,584	-97.6%	20,423	144,156	-85.8%
Buybacks[4]	34,455	27,488	25.3%	53,720	53,540	0.3%
Dividend income	121,661	32,226	NMF	148,074	34,421	NMF
of which, regular dividend income	*93,463*	*32,226*	*NMF*	*98,613*	*34,421*	*NMF*
of which, one-off dividend income[5]	*28,198*	-	*NMF*	*49,461*	-	*NMF*
Net income / (loss)	178,288	(16,432)	NMF	258,923	(501,678)	NMF
Private portfolio companies' performance[1,6]	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Large portfolio companies						
Revenue	332,934	307,132	8.4%	651,113	622,165	4.7%
EBITDA	41,962	36,371	15.4%	82,255	76,363	7.7%
Net operating cash flow	10,811	34,611	-68.8%	29,477	63,276	-53.4%
Investment stage portfolio companies						
Revenue	46,183	41,980	10.0%	84,725	85,121	-0.5%
EBITDA	15,595	17,307	-9.9%	25,957	30,050	-13.6%
Net operating cash flow	15,292	18,322	-16.5%	18,919	24,599	-23.1%
Total portfolio[7]						
Revenue	528,629	470,720	12.3%	1,006,522	905,671	11.1%
EBITDA	68,454	63,771	7.3%	122,999	117,808	4.4%
Net operating cash flow	16,082	51,915	-69.0%	49,331	83,485	-40.9%

KEY POINTS

- Record 2Q23 NAV per share of GEL 73.28, up 8.2% q-o-q, driven by continued growth in BoG's value and the robust operating performance of the private portfolio companies
- Net Capital Commitment (NCC) ratio down 2.3 ppts to 17.4% in 2Q23, resulting from the continued growth in portfolio value, and a significant increase in cash and liquid funds balances (up 16.5% in 2Q23)
- GEL 121.7 million dividend income from the portfolio companies in 2Q23
- Issuance of US$ 150 million bonds on the Georgian market, enhancing the financial flexibility of GCAP and securing the refinancing of the existing US$ 300 million Eurobonds, while continuing the strategically important deleveraging programme
- From the US$ 300 million outstanding GCAP Eurobonds, US$ 283.4 million has been repurchased and cancelled to date, with the remaining US$ 16.6 million to be bought back and cancelled during 3Q23
- Completed the buyout of the minority shareholders in Retail (Pharmacy) to increase our stake to 97.6%

Conference call: An investor/analyst conference call will be held on 15 August 2023, at 14:00 UK / 15:00 CET / 9:00 US Eastern Time. Please register at the Registration Link to attend the event. Further details are available on the Group's webpage.

[1] See "Basis of Presentation" for more background on page 27. 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] 2Q22 and 1H22 numbers include the conversion of GEL 142.6 million loans issued to our beverages and real estate businesses into equity.
[4] Includes both the buybacks under the share buyback and cancellation programme and for the management trust.
[5] One-off dividend income in 2Q23 includes the non-recurring GEL 20.1 million dividend collected from the retail (pharmacy) business and a GEL 8.1 million buyback dividend attributable to participation in BoG's 2022 buybacks in 2Q23. The 1H23 number further reflects a GEL 21.3 million buyback dividend attributable to participation in BoG's 2022 buybacks in 1Q23.
[6] Private portfolio companies' performance highlights are presented excluding the water utility business. Aggregated numbers are presented like-for-like basis.
[7] The results of our four smaller businesses included in other portfolio companies (described on page 24) 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).

CHAIRMAN AND CEO'S STATEMENT

I am pleased to present another remarkably strong performance for the second quarter of 2023, which demonstrates the significant strategic, financial, and operational progress of Georgia Capital.

Record-high NAV per share of GEL 73.28 in 2Q23. In 2Q23 NAV per share (GEL) increased robustly by 8.2%, mainly resulting from positive value creation across our portfolio companies. Value creation across our listed and observable portfolio amounted to GEL 150.0 million (5.2 ppts positive impact on the NAV per share). This reflects the robust performance of BoG's share price (up 6.4% in 2Q23) and strong value creation in the water utility business, the latter reflecting the application of the put option valuation to GCAP's 20% holding in the business. Value creation across our private portfolio businesses amounted to GEL 55.6 million (1.9 ppts impact), reflecting the continued strong performance of our non-healthcare businesses and a rebound in the earnings growth of our healthcare businesses, as they continue a gradual return to a pre-pandemic operating environment. In 2Q23, we launched a US$ 10 million share buyback and cancellation programme under which we bought back 1,000,000 shares (US$ 10 million). This together with the share buybacks for the management trust had a 2.1 ppts positive impact on the NAV per share in 2Q23. The NAV per share growth was partially offset by management platform related costs and net interest expense (-0.6 ppts impact). In GBP terms, the NAV per share growth in 2Q23 was 3.3%, reflecting GEL's slight depreciation against GBP by 4.6% in 2Q23.

We accomplished important milestones on our key strategic priority of deleveraging GCAP. In 2023, we devoted significant resources to address the upcoming maturity of JSC Georgia Capital's US$ 300 million Eurobonds. We took a proactive stance and explored various alternatives for refinancing, aiming to secure the best possible outcome for GCAP and its stakeholders. As a result of these efforts, we identified an opportunity to effect a landmark transaction by issuing sustainability-linked bonds in the local capital markets in Georgia. In August, we successfully completed that transaction by issuing US$ 150 million sustainability-linked bonds (the "Notes"). The issuance of the Notes represents the largest-ever corporate bond offering in the country, and the first of its magnitude and kind in our region. The new Notes are US$-denominated with 5-year bullet maturity (callable after two years), carry an 8.50% fixed coupon and were issued at par. The Notes are rated BB- by S&P, a one-notch upgrade compared to the existing Eurobonds. A key feature of the sustainability-linked bond is GCAP's commitment to reduce its greenhouse gas emissions by 20% by 2027 compared to a 2022 baseline. Through this target, GCAP will support climate change mitigation, natural resources conservation and pollution prevention, thereby contributing to the transition towards a more sustainable and lower carbon economy in Georgia.

The issuance attracted an unprecedented level of interest in Georgia, with total demand reaching US$ 200 million and spreading across a diverse range of 275+ retail, corporate, and institutional investors. I was particularly impressed by the remarkable level of retail investor participation, who have demonstrated strong confidence in GCAP by subscribing to the highest retail volume of corporate bonds in the history of Georgia's capital markets. This retail investor universe is an exciting discovery for us and represents a new source of funding for Georgia Capital and its portfolio companies. The issuance of the Notes was supported by Georgia Capital's longstanding partner international financial institutions, who acquired US$ 67 million of the total issue, while the remaining US$ 83 million was allocated to local investors. Despite the challenging global credit markets, the transaction was concluded on attractive terms for GCAP, which yet again demonstrates our superior access to capital, whether on the international or Georgian capital markets. The proceeds from the Notes, together with existing liquid funds, are to be used to fully redeem the existing US$ 300 million Eurobonds.

In conjunction with the new issuance, we have successfully executed a tender offer. This resulted in the repurchase of US$ 176.5 million existing Eurobonds, which together with the US$ 106.9 million Eurobonds already held in GCAP treasury, have been fully cancelled. As for the remaining US$ 16.6 million Eurobonds, we have exercised the right of the optional redemption at a "make whole" price, with the settlement expected in early September. Following the planned cancellation and repayment of the outstanding Eurobonds, GCAP's gross debt balance will decrease to US$ 150 million.

Buyout of minority shareholders in retail (pharmacy) business. In 2Q23 our retail (pharmacy) business signed an agreement with its minority shareholders to accelerate the acquisition of a 20.6% equity interest in the business. As a result of this transaction, GCAP's ownership stake in Retail (Pharmacy) increased to 97.6% in 2Q23 from 77.0% in 1Q23. The transaction is in line with our 360-degree capital management framework and reconfirms our confidence in the value creation potential of the retail (pharmacy) business, which has consistently delivered outstanding results and captured significant growth opportunities.

NCC ratio decreased by 2.3 ppts to 17.4% in 2Q23. The decrease in the NCC ratio in 2Q23 was mainly driven by a) a 2.8% growth in total portfolio value, and b) a 16.5% increase in cash and liquid funds balances due to strong dividend inflows during the quarter. Dividend income from BoG was substantial, totalling GEL 93.1 million, of which GEL 40.3 million is attributable to our participation in BoG's on-market share buybacks during 2Q23, while GEL 52.8 million represents the regular annual dividend from BoG, which was received in July 2023. Dividend inflows from the private portfolio companies in 2Q23 amounted to GEL 28.5 million (GEL 8.4 million dividend was received from the P&C Insurance business and a GEL 20.1 million one-off dividend was collected from Retail (Pharmacy), following the minority buyout transaction).

Macroeconomic update. Following two consecutive years of double-digit growth, real GDP expanded by 7.4% in 1H23. Growth was supported by strong external inflows with trade, remittances and tourism revenues showing strong year-over-year performances. On the domestic side, credit expansion, continued fiscal outlays and strong business sentiment were key contributors to the economic activity. Despite some stabilisation in 2Q23, the Georgian Lari (GEL) has maintained its recent upward trend and (as of 14 August 2023) has appreciated by 3.1% against the US$ compared to the beginning of the year. This appreciation was supported by strong external inflows, ample FX liquidity, a strict monetary policy stance, increased lending in foreign currency and the overall positive economic growth. The annual inflation rate eased sharply in 2023, with the June headline number standing at 0.6%, below the 3% target. Considering the downward trend in inflation, the National Bank of Georgia (NBG) has reduced the policy rate by 75 bps to 10.25% since May 2023. The current account deficit remained low at 3.2% of GDP in 1Q23, following a historic low level of 4.0% in 2022. Fiscal and monetary authorities used favourable macro conditions appropriately to rebuild Georgia's external buffers, with government debt decreasing below pre-pandemic levels and reserves reaching historic highs.

Outlook. Our robust balance sheet and capital allocation management, coupled with the overall impressive performance of our portfolio companies about which you can read more in the pages that follow, led to outstanding results in 2Q23. The successful issuance of our local sustainability-linked bonds has further bolstered our financial flexibility, enabling us to continue our substantial de-leveraging progress towards our targeted NCC ratio of 15%. Moreover, this achievement has contributed significantly to the development of the local capital market and supported the transition towards a more sustainable economy in Georgia. Looking ahead, I believe that Georgia Capital is extremely well-positioned for consistent NAV per share growth in the medium to long term, while also continuing to make significant progress on our key strategic priorities.

Irakli Gilauri, Chairman and CEO

DISCUSSION OF GROUP RESULTS

The discussion below analyses the Group's unaudited net asset value at 30-Jun-23 and its income for the second quarter and first half period then ended on an IFRS basis (see "Basis of Presentation" on page 27 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-23 and 30-Jun-23). 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 2023 see page 27.

NAV STATEMENT 2Q23

GEL '000, unless otherwise noted *(Unaudited)*	Mar-23	1. Value creation[8]	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/ FX/Other	Jun-23	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	830,077	145,951	-	-	(93,182)	-	-	882,846	6.4%
Water Utility	155,000	4,000	-	-	-	-	-	159,000	2.6%
Total Listed and Observable Portfolio Value	**985,077**	**149,951**	**-**	**-**	**(93,182)**	**-**	**-**	**1,041,846**	**5.8%**
Listed and Observable Portfolio value change %		***15.2%***	***0.0%***	***0.0%***	***-9.5%***	***0.0%***	***0.0%***	***5.8%***	
Private Portfolio Companies									
Large Companies	**1,467,089**	**56,957**	**-**	**-**	**(28,479)**	**-**	**695**	**1,496,262**	**2.0%**
Retail (Pharmacy)	*750,456*	*(7,163)*	*-*	*-*	*(20,061)*	*-*	*273*	*723,505*	*-3.6%*
Hospitals	*427,105*	*(1,318)*	*-*	*-*	*-*	*-*	*273*	*426,060*	*-0.2%*
Insurance (P&C and Medical)	*289,528*	*65,438*	*-*	*-*	*(8,418)*	*-*	*149*	*346,697*	*19.7%*
Of which, P&C Insurance	*232,276*	*52,953*	*-*	*-*	*(8,418)*	*-*	*149*	*276,960*	*19.2%*
Of which, Medical Insurance	*57,252*	*12,485*	*-*	*-*	*-*	*-*	*-*	*69,737*	*21.8%*
Investment Stage Companies	**527,668**	**3,530**	**3,423**	**-**	**-**	**-**	**1,741**	**536,362**	**1.6%**
Renewable Energy	*243,016*	*686*	*2,529*	*-*	*-*	*-*	*1,451*	*247,682*	*1.9%*
Education	*175,148*	*7,876*	*894*	*-*	*-*	*-*	*229*	*184,147*	*5.1%*
Clinics and Diagnostics	*109,504*	*(5,032)*	*-*	*-*	*-*	*-*	*61*	*104,533*	*-4.5%*
Other Companies	**287,628**	**(4,871)**	**-**	**-**	**-**	**-**	**3,337**	**286,094**	**-0.5%**
Total Private Portfolio Value	**2,282,385**	**55,616**	**3,423**	**-**	**(28,479)**	**-**	**5,773**	**2,318,718**	**1.6%**
Private Portfolio value change %		***2.4%***	***0.1%***	***0.0%***	***-1.2%***	***0.0%***	***0.3%***	***1.6%***	
Total Portfolio Value (1)	**3,267,462**	**205,567**	**3,423**	**-**	**(121,661)**	**-**	**5,773**	**3,360,564**	**2.8%**
Total Portfolio value change %		***6.3%***	***0.1%***	***0.0%***	***-3.7%***	***0.0%***	***0.2%***	***2.8%***	
Net Debt (2)	**(386,228)**	**-**	**(3,423)**	**(34,455)**	**121,661**	**(5,667)**	**(16,752)**	**(324,864)**	**-15.9%**
of which, Cash and liquid funds	*344,329*	*-*	*(3,423)*	*(34,455)*	*68,824*	*(5,667)*	*31,517*	*401,125*	*16.5%*
of which, Loans issued	*35,548*	*-*	*-*	*-*	*-*	*-*	*(18,087)*	*17,461*	*-50.9%*
of which, Accrued dividend income	*-*	*-*	*-*	*-*	*52,837*	*-*	*-*	*52,837*	*0.0%*
of which, Gross Debt	*(766,105)*	*-*	*-*	*-*	*-*	*-*	*(30,182)*	*(796,287)*	*3.9%*
Net other assets/ (liabilities) (3)	(784)	-	-	-	-	(3,572)	3,253	(1,103)	40.7%
of which, share-based comp.	*-*	*-*	*-*	*-*	*-*	*(3,572)*	*3,572*	*-*	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,880,450**	**205,567**	**-**	**(34,455)**	**-**	**(9,239)**	**(7,726)**	**3,034,597**	**5.4%**
NAV change %		***7.1%***	***0.0%***	***-1.2%***	***0.0%***	***-0.3%***	***-0.3%***	***5.4%***	
Shares outstanding[8]	42,533,015	-	-	(1,372,127)	-	-	250,292	41,411,180	-2.6%
Net Asset Value per share, GEL	**67.72**	**4.84**	**0.00**	**1.42**	**0.00**	**(0.21)**	**(0.49)**	**73.28**	**8.2%**
NAV per share, GEL change %		***7.1%***	***0.0%***	***2.1%***	***0.0%***	***-0.3%***	***-0.7%***	***8.2%***	

NAV per share (GEL) was up by 8.2% q-o-q in 2Q23, reflecting a) GEL 205.6 million value creation across our portfolio companies with a positive 7.1 ppts impact and b) share buybacks (+2.1 ppts impact). The NAV per share growth was slightly offset by a) management platform-related costs and net interest expense (-0.6 ppts impact in total) and b) GEL's depreciation against US$, resulting in a foreign currency loss of GEL 9.4 million on GCAP net debt (-0.3 ppts impact).

Portfolio overview

Total portfolio value increased by GEL 93.1 million (2.8%) to GEL 3.4 billion in 2Q23:

- The value of the listed and observable portfolio increased by GEL 56.8 million (up 5.8%), resulting from GEL 150.0 million value creation, partially offset by GEL 93.2 million dividend income from BoG.
- The value of the private portfolio increased by GEL 36.3 million (up 1.6%), mainly reflecting the net impact of a) GEL 55.6 million value creation, b) investments of GEL 3.4 million and c) a decrease of GEL 28.5 million due to dividends paid to GCAP.

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

Consequently, as of 30-Jun-23, the listed and observable portfolio value totalled GEL 1.0 billion (31.0% of the total portfolio value), and the private portfolio value amounted to GEL 2.3 billion (69.0% of the total).

1) Value creation

Total portfolio value creation amounted to GEL 205.6 million in 2Q23.

- A GEL 150.0 million value creation across the listed and observable portfolio strongly supported the NAV per share growth in 2Q23. This reflects:
  - A GEL 146.0 million value creation from BoG, resulting from a 6.4% increase in BoG's share price, partially subdued by GEL's depreciation against GBP by 4.6% in 2Q23.
  - GEL 4.0 million value creation in Water Utility, reflecting 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 value creation in the private portfolio amounted to GEL 55.6 million in 2Q23, reflecting the net impact of:
  - GEL 135.6 million operating performance-related increase in the value of our private assets, resulting from the continued strong performance of our non-healthcare businesses and the rebound in earnings growth momentum of our healthcare businesses, as they continue the gradual organic return to a pre-pandemic operating environment.
  - GEL 80.0 million negative net impact from changes in implied valuation multiples[9] and foreign currency exchange rates.

The table below summarises value creation drivers in our businesses in 2Q23:

Portfolio Businesses	Operating Performance[10]	Greenfields / buy-outs / exits[11]	Multiple Change and FX[12]	Value Creation
GEL '000, unless otherwise noted *(Unaudited)*	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed and Observable portfolio				**149,951**
BoG				145,951
Water Utility				4,000
Private portfolio	**135,629**	**-**	**(80,013)**	**55,616**
Large Portfolio Companies	**79,875**	**-**	**(22,918)**	**56,957**
Retail (pharmacy)	*(865)*	-	*(6,298)*	*(7,163)*
Hospitals	*(8,116)*	-	*6,798*	*(1,318)*
Insurance (P&C and Medical)	*88,856*	-	*(23,418)*	*65,438*
Of which, P&C Insurance	*61,759*	-	*(8,806)*	*52,953*
Of which, Medical Insurance	*27,097*	-	*(14,612)*	*12,485*
Investment Stage Portfolio Companies	**16,405**	**-**	**(12,875)**	**3,530**
Renewable Energy	*960*	-	*(274)*	*686*
Education	*10,097*	-	*(2,221)*	*7,876*
Clinics and Diagnostics	*5,348*	-	*(10,380)*	*(5,032)*
Other	**39,349**	**-**	**(44,220)**	**(4,871)**
Total portfolio	**135,629**	**-**	**(80,013)**	**205,567**

Valuation overview[13]

In 2Q23, 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. The independent valuation assessments, which serve as an input 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 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, which would be considered in the overall valuation assessment, where appropriate.

[9] Valuation multiples implied by dividing the final valuations of the business assigned as described under "Valuation Overview" by the respective trailing twelve-month EBITDA or net income, as applicable.
[10] 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.
[11] 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.
[12] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[13] Please read more about valuation methodology on page 27 in "Basis of presentation".

The enterprise value and equity value development of our businesses in 2Q23 is summarised in the following table:

GEL '000, unless otherwise noted *(Unaudited)*	Enterprise Value (EV) 30-Jun-23	Enterprise Value (EV) 31-Mar-23	Enterprise Value (EV) Change %	Equity Value 30-Jun-23	Equity Value 31-Mar-23	Equity Value Change %	% share in total portfolio
Listed and Observable portfolio				**1,041,846**	**985,077**	**5.8%**	**31.0%**
BoG				882,846	830,077	6.4%	26.3%
Water Utility				159,000	155,000	2.6%	4.7%
Private portfolio	**3,394,482**	**3,286,231**	**3.3%**	**2,318,718**	**2,282,385**	**1.6%**	**69.0%**
Large portfolio companies	**1,990,517**	**1,909,833**	**4.2%**	**1,496,262**	**1,467,089**	**2.0%**	**44.5%**
Retail (pharmacy)	980,682	974,706	0.6%	723,505	750,456	-3.6%	21.5%
Hospitals	680,804	662,809	2.7%	426,060	427,105	-0.2%	12.7%
Insurance (P&C and Medical)	329,031	272,318	20.8%	346,697	289,528	19.7%	10.3%
Of which, P&C Insurance	276,960	232,276	19.2%	276,960	232,276	19.2%	8.2%
Of which, Medical Insurance	52,071	40,042	30.0%	69,737	57,252	21.8%	2.1%
Investment stage portfolio companies	**848,849**	**835,996**	**1.5%**	**536,362**	**527,668**	**1.6%**	**16.0%**
Renewable Energy	441,335	434,150	1.7%	247,682	243,016	1.9%	7.4%
Education[14]	224,514	221,062	1.6%	184,147	175,148	5.1%	5.5%
Clinics and Diagnostics	183,000	180,784	1.2%	104,533	109,504	-4.5%	3.1%
Other	**555,116**	**540,402**	**2.7%**	**286,094**	**287,628**	**-0.5%**	**8.5%**
Total portfolio				**3,360,564**	**3,267,462**	**2.8%**	**100.0%**

Private large portfolio companies (44.5% of total portfolio value)

Retail (Pharmacy) (21.5% of total portfolio value) – the Enterprise Value (EV) of Retail (Pharmacy) was up by 0.6% to GEL 980.7 million in 2Q23, resulting from the strong performance of the business, supported by the expansion of the retail chain and resilience of Georgian economy. 2Q23 revenues and EBITDA were up by 5.3% and 11.7% y-o-y, respectively, notwithstanding a) the decrease in 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 negative impact of the External Reference Pricing model, which introduces a maximum retail price on targeted prescription medicines that are financed by the Government of Georgia. See page 14 for details. Consequently, LTM EBITDA (incl. IFRS 16) was up by 1.7% to GEL 106.9 million in 2Q23. Net debt increased by 84.2% to GEL 249.2 million in 2Q23, reflecting a one-off GEL 20.1 million dividend distribution to GCAP. The increase in net debt also reflects the buyout of the minority shareholders, which was executed at previously disclosed/agreed valuation multiples. As a result, the fair value of GCAP's 97.6% holding decreased by 3.6% to GEL 723.5 million in 2Q23. The implied LTM EV/EBITDA valuation multiple (incl. IFRS 16) decreased to 9.2x as at 30-Jun-23 (down from 9.3x as of 31-Mar-23).

Hospitals (12.7% of total portfolio value) – Hospitals' EV increased by 2.7% to GEL 680.8 million in 2Q23, reflecting the rebound in top-line growth as the business is completing its gradual organic return to pre-pandemic levels of activity. In 2Q23, revenue and EBITDA (excl. IFRS 16) were up by 8.3% and 9.2% y-o-y, respectively. Consequently, LTM EBITDA (incl. IFRS 16) increased by 2.0% q-o-q to GEL 52.9 million in 2Q23. Net debt was up by 9.1% q-o-q to GEL 222.2 million, mainly reflecting the delay in the collection of receivables from the State in 2Q23 due to one-off processing delays associated with the introduction of Diagnosis Related Group ("DRG") financing system. See page 16 for details. As a result, the equity value of Hospitals decreased by 0.2% q-o-q to GEL 426.1 million in 2Q23, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 12.9x at 30-Jun-23 (12.8x at 31-Mar-23).

Insurance (P&C and Medical) (10.3% of total portfolio value) – The insurance business combines: a) P&C Insurance valued at GEL 277.0 million and b) Medical Insurance valued at GEL 69.7 million. In addition to the robust operating performance of the businesses as outlined below, the 2Q23 valuation assessments are positively impacted by Georgia's adoption of the Estonian Taxation Model, which will be implemented starting from January 2024. The pre-tax profit of the insurance businesses is currently subject to a 15% corporate income tax. With the introduction of the new regime in January 2024, a 15% corporate income tax will be applied only to earnings distributed to individuals or non-resident legal entities. As GCAP (a domestic legal entity) owns 100% of both insurance businesses, they will no longer be subject to paying corporate income tax as of 2024, freeing up future cash flows for both business development and increased dividend payments to GCAP.

P&C Insurance – Insurance revenue was up by 19.8% y-o-y to GEL 28.5 million in 2Q23, mainly reflecting the growth in the Motor, credit life, agricultural and border MTPL insurance lines. The combined ratio increased by 4.5 ppts y-o-y in 2Q23, mainly attributable to a) a well-managed expense ratio, down 0.5 ppts y-o-y, b) a 1.6 ppts y-o-y increase in loss ratio due the increased Agro insurance claims during the quarter and c) a 3.4 ppts y-o-y increase in FX ratio, reflecting the impact of FX movements on the business operations. Consequently, 2Q23 net income was up 13.2% y-o-y to GEL 6.0 million. See page 17 for details. These strong 2Q23 results coupled with the forthcoming implementation of the Estonian Taxation Model led to a 19.2% increase in the equity value of the P&C insurance business in 2Q23 (up q-o-q to GEL 277.0 million), translating into an implied LTM P/E valuation multiple of 10.1x at 30-Jun-23, with the earnings calculated on a pre-tax basis due to the business valuation incorporating the impact of forthcoming implementation of the Estonian Taxation Model.

[14] Enterprise value is presented excluding the recently launched schools and non-operational assets, added to the equity value of the education business at cost.

Medical Insurance – Insurance revenue increased by 26.3% y-o-y to GEL 23.6 million in 2Q23, reflecting the increase in the number of insured clients, mainly in the corporate client segment. The combined ratio was at 96.2% in 2Q23 (down 6.6 ppts y-o-y), resulting from a) a well-managed loss ratio, down 3.3 ppts y-o-y, and b) a 3.3 ppts improvement in the expense ratio, the latter reflecting the strong top-line growth of the business, while operating expenses remained flat. Consequently, the net income of the medical insurance business was up by 2.8x y-o-y to GEL 1.4 million in 2Q23. See page 17 for details. As a result of the developments described above, the equity value of the business was assessed at GEL 69.7 million at 30-Jun-23 (up 21.8% q-o-q), translating into the implied LTM P/E valuation multiple of 10.4x in 2Q23, with the earnings calculated on a pre-tax basis due to the business valuation incorporating the impact of forthcoming implementation of the Estonian Taxation Model.

Private investment stage portfolio companies (16.0% of total portfolio value)

Renewable Energy (7.4% of total portfolio value) – EV of the business decreased by 0.6% to US$ 168.6 million in 2Q23 (up 1.7% to GEL 441.3 million in GEL terms, reflecting the local currency depreciation against US$ during the quarter). In US$ terms, 2Q23 revenue and EBITDA were down by 3.6% and 14.2% y-o-y, respectively, reflecting the net impact of a) a 13.2% y-o-y decrease in electricity generation in 2Q23, as one of the power-generating units of Hydrolea HPPs was temporarily taken offline due to planned rehabilitation works (the works were completed in June 2023 and the operations resumed in their normal course), and b) an 11.0% y-o-y increase in the average electricity selling price in 2Q23, reflecting the electricity exports to the Republic of Türkiye. Revenue and EBITDA in GEL terms were down by 16.5% and 25.5% y-o-y in 2Q23, respectively. See page 20 for details. The pipeline renewable energy projects continued to be measured at an equity investment cost (GEL 55.4 million in aggregate as at 30-Jun-23). Net debt remained largely flat, down by 0.9% to US$ 74.0 million in 2Q23 (in GEL terms, up by 1.3% to GEL 193.7 million). As a result, the equity value of Renewable Energy was assessed at GEL 247.7 million in 2Q23 (up by 1.9% q-o-q), (down 0.3% q-o-q to US$ 94.6 in US$ terms). The blended EV/EBITDA implied valuation multiple of the operational assets stood at 12.4x in 2Q23, down from 12.6x in 1Q23.

Education (5.5% of total portfolio value) – EV of Education was up by 1.6% to GEL 224.5 million in 2Q23, reflecting the strong operating performance of the business. Revenue of the business increased by 27.5% y-o-y in 2Q23, reflecting strong intakes and ramp-up of utilization in line with both the organic growth and expansion of the business. EBITDA was up by 1.5% y-o-y in 2Q23, further reflecting the negative impact of the shift in academic days in midscale school and the increased operating expenses (up by 44.4% y-o-y) in line with the expansion of the business and inflation. In 2Q23, GCAP's investments in the business amounted to GEL 0.9 million and were mainly deployed for the development of a new campus in the mid-scale segment. See page 21 for details. Consequently, LTM EBITDA was up by 0.8% to GEL 13.8 million in 2Q23. Net debt was down by 25.3% q-o-q to GEL 13.4 million in 2Q23, reflecting the enhanced cash flow generation of the business. As a result, GCAP's stake in the education business was valued at GEL 184.2 million in 2Q23 (up 5.1% q-o-q). This translated into the implied valuation multiple of 16.3x in 2Q23. The forward-looking implied valuation multiple is estimated at 12.2x for the 2023-2024 academic year.

Clinics and Diagnostics (3.1% of total portfolio value) – The EV of the business increased by 1.2% to GEL 183.0 million in 2Q23, reflecting the rebound in earnings growth momentum, as the business is completing the gradual organic return to pre-pandemic levels of activity. The combined 2Q23 revenue of the clinics and diagnostics business was up by 18.0% y-o-y leading to a 38.1% y-o-y increase in 2Q23 EBITDA (excl. IFRS 16). See page 22 for details. LTM EBITDA (incl. IFRS 16) of the business was up by 13.2% to GEL 9.7 million in 2Q23. Net debt was up by 10.6% q-o-q to GEL 74.7 million, mainly reflecting the investments made for the expansion of the business. As a result, the equity value of the business was assessed at GEL 104.5 million, down 4.5% q-o-q in 2Q23, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 18.8x at 30-Jun-23, down from 21.0x at 31-Mar-23. The forward-looking implied valuation multiple is estimated at 10.5x.

Other businesses (8.5% of total portfolio value) - The "other" private portfolio (Auto Service, Beverages, Housing Development and Hospitality businesses) is valued based on LTM EV/EBITDA except for the housing development (DCF), wine business (DCF) and hospitality businesses (NAV). See performance highlights of other businesses on page 24. The portfolio value of other businesses remained largely flat, down by 0.5% to GEL 286.1 in 2Q23.

Listed and observable portfolio companies (31.0% of total portfolio value)

BOG (26.3% of total portfolio value) – In 1Q23, BoG delivered an annualised ROAE of 27.9% and a 4.3% loan book growth y-o-y (on a constant currency basis, the loan portfolio increased by 18.3% y-o-y). In 2Q23, BoG's share price continued its positive trajectory and was up by 6.4% q-o-q to GBP 29.25 at 30-Jun-23. This reflects the strong growth in BoG's earnings, supported by the accretive impact of the Bank's share buybacks. In 2Q23, GCAP received GEL 40.3 million buyback dividends from participation in the Bank's buyback programme, corresponding to c.435,000 shares sold. In 2Q23, the Bank also declared a final dividend for 2022 of GEL 5.80 per ordinary share. Consequently, the accrued dividend income for GCAP amounted to GEL 52.8 million as of 30-Jun-23. The final dividends were received on 14-Jul-23. As a result of the developments described above, the market value of GCAP's 19.8% equity stake in BoG increased by 6.4% to GEL 882.8 million. The LTM P/E valuation multiple was at 3.3x at 31-Mar-22 (up from 2.8x at 31-Dec-22). BoG's public announcement of their 2Q23 and 1H23 results when published will be available on BoG's website.

Water Utility (4.7% of total portfolio value) – In 2Q23, the fair value of GCAP's 20% holding in the water utility business (where GCAP has a clear exit path through a put and call structure at pre-agreed EBITDA multiples) increased by GEL 4.0 million to GEL 159.0 million. This reflects the application of the put option valuation to GCAP's holding in the business.

2) Investments[15]

In 2Q23, GCAP invested GEL 3.4 million in private portfolio companies.

- GEL 2.5 million was invested in Renewable Energy for the development of the pipeline projects.
- GEL 0.9 million was allocated to the education business for the development of a new campus in the mid-scale segment.

3) Share buybacks

During 2Q23, 1,372,127 shares were bought back for a total consideration of GEL 34.5 million.

- 372,127 shares were repurchased for the management trust for a total consideration of GEL 9.1 million.
- 1,000,000 shares with a total value of US$ 10.0 million (GEL 25.4 million) were bought back and cancelled under GCAP's US$ 10 million share buyback and cancellation programme announced in April 2023.

4) Dividends[15]

In 2Q23, Georgia Capital recorded GEL 121.7 million dividend income from portfolio companies, of which:

- GEL 52.8 million representing the final dividends from BoG, collected on 14-Jul-23;
- GEL 40.3 million buyback dividend was received from participation in BoG's buyback programme, of which GEL 8.1 million one-off dividend was attributable to participation in BoG's 2022 buybacks in 2Q23.
- GEL 20.1 million one-off dividend from Retail (pharmacy).
- GEL 8.4 million regular dividend from P&C Insurance.

1H23 NAV STATEMENT HIGHLIGHTS

GEL '000, unless otherwise noted *(Unaudited)*	Dec-22	1. Value creation[16]	2a. Investment and divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/ FX/Other	Jun-23	Change %
Total Listed and Observable Portfolio Value	**985,463**	**170,791**	**-**	**-**	**(114,408)**	**-**	**-**	**1,041,846**	**5.7%**
Listed and Observable Portfolio value change %		***17.3%***	***0.0%***	***0.0%***	***-11.6%***	***0.0%***	***0.0%***	***5.7%***	
Total Private Portfolio Companies	**2,213,164**	**111,670**	**20,423**	**-**	**(33,666)**	**-**	**7,127**	**2,318,718**	**4.8%**
Of which, Large Companies	1,437,610	85,888	-	-	(28,479)	-	1,243	1,496,262	4.1%
Of which, Investment Stage Companies	501,407	21,982	16,223	-	(5,187)	-	1,937	536,362	7.0%
Of which, Other Companies	274,147	3,800	4,200	-	-	-	3,947	286,094	4.4%
Private Portfolio value change %		***5.0%***	***0.9%***	***0.0%***	***-1.5%***	***0.0%***	***0.3%***	***4.8%***	
Total Portfolio Value (1)	**3,198,627**	**282,461**	**20,423**	**-**	**(148,074)**	**-**	**7,127**	**3,360,564**	**5.1%**
Total Portfolio value change %		***8.8%***	***0.6%***	***0.0%***	***-4.6%***	***0.0%***	***0.2%***	***5.1%***	
Net Debt (2)	**(380,905)**	**-**	**(20,423)**	**(53,720)**	**148,074**	**(10,884)**	**(7,006)**	**(324,864)**	**-14.7%**
Net Asset Value (1)+(2)+(3)	**2,817,391**	**282,461**	**-**	**(53,720)**	**-**	**(19,171)**	**7,636**	**3,034,597**	**7.7%**
NAV change %		***10.0%***	***0.0%***	***-1.9%***	***0.0%***	***-0.7%***	***0.3%***	***7.7%***	
Shares outstanding[16]	42,973,462	-	-	(2,142,418)	-	-	580,136	41,411,180	-3.6%
Net Asset Value per share, GEL	**65.56**	**6.57**	**0.00**	**2.13**	**0.00**	**(0.44)**	**(0.54)**	**73.28**	**11.8%**
NAV per share, GEL change %		***10.0%***	***0.0%***	***3.2%***	***0.0%***	***-0.7%***	***-0.8%***	***11.8%***	

NAV per share (GEL) increased by 11.8% in 1H23, reflecting a) robust GEL 282.5 million value creation across our portfolio companies with a positive 10.0 ppts impact, b) share buybacks (+3.2 ppts impact) and c) GEL's appreciation against US$, resulting in a foreign currency gain of GEL 12.6 million on GCAP net debt (+0.5 ppts impact). The NAV per share growth was slightly offset by management platform-related costs and net interest expense with a negative 1.3 ppts impact in total.

Portfolio overview

Total portfolio value increased by GEL 161.9 million (5.1%) to GEL 3.4 billion in 1H23:

- The value of GCAP's holding in BoG was up by GEL 52.4 million, reflecting robust GEL 166.8 million value creation, partially offset by GEL 114.4 million dividend income from the Bank in 1H23.

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

- The value of the water utility business increased by GEL 4.0 million, reflecting the application of the put option valuation to GCAP's 20% holding in the business.
- The value of the private portfolio increased by GEL 105.6 million in 1H23.

1) Value creation

Total portfolio value creation amounted to GEL 282.5 million in 1H23.

- A 12.3% increase in BoG's share price in 1H23 led to a GEL 166.8 million value creation.
- GEL 4.0 million value was created at our water utility business in 1H23, reflecting the developments described above.
- The value creation in the private portfolio amounted to GEL 111.7 million in 1H23, reflecting the net impact of:
  - GEL 173.6 million operating performance-related increase in the value of our private assets, resulting from the continued strong performance of our non-healthcare businesses and the rebound in the earnings growth momentum of our healthcare businesses, as they continue the gradual organic return to a pre-pandemic operating environment.
  - GEL 62.0 million negative net impact from changes in implied valuation multiples[17] and foreign currency exchange rates.

The table below summarises value creation drivers in our businesses in 1H23:

Portfolio Businesses	Operating Performance[18]	Greenfields / buy-outs / exits[19]	Multiple Change and FX[20]	Value Creation
GEL '000, unless otherwise noted *(Unaudited)*	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed and Observable				**170,791**
BoG				166,791
Water Utility				4,000
Private	**173,629**	**-**	**(61,959)**	**111,670**
Large Portfolio Companies	**80,386**	**-**	**5,502**	**85,888**
Retail (pharmacy)	*5,051*	-	*13,725*	*18,776*
Hospitals	*(45,058)*	-	*37,652*	*(7,406)*
Insurance (P&C and Medical)	*120,393*	-	*(45,875)*	*74,518*
Of which, P&C Insurance	*71,666*	-	*(15,030)*	*56,636*
Of which, Medical Insurance	*48,727*	-	*(30,845)*	*17,882*
Investment Stage Portfolio Companies	**(1,208)**	**-**	**23,190**	**21,982**
Renewable Energy	*(2,982)*	-	*23,499*	*20,517*
Education	*22,718*	-	*(13,547)*	*9,171*
Clinics and Diagnostics	*(20,944)*	-	*13,238*	*(7,706)*
Other	**94,451**	**-**	**(90,651)**	**3,800**
Total portfolio	**173,629**	**-**	**(61,959)**	**282,461**

The enterprise value and equity value development of our businesses in 1H23 is summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted *(Unaudited)*	30-Jun-23	31-Dec-22	Change %	30-Jun-23	31-Dec-22	Change %	% share in total portfolio
Listed and Observable portfolio				**1,041,846**	**985,463**	**5.7%**	**31.0%**
BoG				882,846	830,463	6.3%	26.3%
Water Utility				159,000	155,000	2.6%	4.7%
Private portfolio	**3,394,482**	**3,310,981**	**2.5%**	**2,318,718**	**2,213,164**	**4.8%**	**69.0%**
Large portfolio companies	**1,990,517**	**1,875,688**	**6.1%**	**1,496,262**	**1,437,610**	**4.1%**	**44.5%**
Retail (pharmacy)	980,682	957,686	2.4%	723,505	724,517	-0.1%	21.5%
Hospitals	680,804	653,335	4.2%	426,060	433,193	-1.6%	12.7%
Insurance (P&C and Medical)	329,031	264,667	24.3%	346,697	279,900	23.9%	10.3%
Of which, P&C Insurance	276,960	228,045	21.4%	276,960	228,045	21.4%	8.2%
Of which, Medical Insurance	52,071	36,622	42.2%	69,737	51,855	34.5%	2.1%
Investment stage portfolio companies	**848,849**	**816,023**	**4.0%**	**536,362**	**501,407**	**7.0%**	**16.0%**
Renewable Energy	441,335	417,903	5.6%	247,682	224,987	10.1%	7.4%
Education[21]	224,514	218,264	2.9%	184,147	164,242	12.1%	5.5%
Clinics and Diagnostics	183,000	179,856	1.7%	104,533	112,178	-6.8%	3.1%
Other	**555,116**	**619,270**	**-10.4%**	**286,094**	**274,147**	**4.4%**	**8.5%**
Total portfolio				**3,360,564**	**3,198,627**	**5.1%**	**100.0%**

[17] Valuation multiples implied by dividing the final valuations of the business assigned as described under "Valuation Overview" by the respective trailing twelve-month EBITDA or net income, as applicable.
[18] 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.
[19] 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.
[20] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[21] Excluding the recently launched schools and non-operational assets, added to the equity value of the education business at cost.

2) Investments[22]

In 1H23, GCAP invested GEL 20.4 million in private portfolio companies.

- GEL 10.5 million was allocated to the education business, mainly for the acquisition of the new campus in the affordable segment and the development of a new campus in the mid-scale segment.
- GEL 5.7 million was invested in Renewable Energy for the development of the pipeline projects.
- GEL 4.2 million was invested in the auto service business.

3) Share buybacks

During 1H23, 2,142,418 shares were bought back for a total consideration of GEL 53.7 million.

- 1,142,418 shares were repurchased for the management trust for a total consideration of GEL 28.4 million.
- 1,000,000 shares with a total value of US$ 10.0 million (GEL 25.4 million) were bought back and cancelled under GCAP's US$ 10 million share buyback and cancellation programme announced in April 2023.

4) Dividends[22]

In 1H23, Georgia Capital recorded GEL 148.1 million dividend income from portfolio companies:

- GEL 61.6 million buyback dividend represents the participation in BoG's buyback programme, of which GEL 29.0 million one-off dividend was attributable to participation in BoG's 2022 buybacks in 1H23.
- GEL 52.8 million represents the final dividends from BoG, collected on 14-Jul-23.
- GEL 20.1 million one-off dividend from Retail (pharmacy).
- GEL 8.4 million regular dividend from P&C Insurance.
- GEL 5.2 million regular dividend from Renewable Energy.

Net Capital Commitment (NCC) overview

Below we describe the components of Net Capital Commitment (NCC) as of 30 June 2023 and as of 31 March 2023. 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-23	31-Mar-23	Change	31-Dec-22	Change
Cash at banks	163,082	140,474	16.1%	235,255	-30.7%
Liquid funds	238,043	203,855	16.8%	176,589	34.8%
Of which, Internationally listed debt securities	*235,181*	*200,908*	*17.1%*	*173,395*	*35.6%*
Of which, Locally listed debt securities	*2,862*	*2,947*	*-2.9%*	*3,194*	*-10.4%*
Total cash and liquid funds	**401,125**	**344,329**	**16.5%**	**411,844**	**-2.6%**
Loans issued	17,461	35,548	-50.9%	26,830	-34.9%
Accrued dividend income	52,837	-	NMF	-	NMF
Gross debt	(796,287)	(766,105)	3.9%	(819,579)	-2.8%
Net debt (1)	**(324,864)**	**(386,228)**	**-15.9%**	**(380,905)**	**-14.7%**
Guarantees issued (2)	**(4,289)**	**(4,179)**	**2.6%**	**(18,460)**	**-76.8%**
Net debt and guarantees issued (3)=(1)+(2)	**(329,153)**	**(390,407)**	**-15.7%**	**(399,365)**	**-17.6%**
Planned investments (4)	**(123,915)**	**(124,658)**	**-0.6%**	**(141,396)**	**-12.4%**
of which, planned investments in Renewable Energy	(76,054)	(76,949)	-1.2%	(81,205)	-6.3%
of which, planned investments in Education	(47,861)	(47,709)	0.3%	(60,191)	-20.5%
Announced Buybacks (5)	-	-	-	-	-
Contingency/liquidity buffer (6)	**(130,885)**	**(128,020)**	**2.2%**	**(135,100)**	**-3.1%**
Total planned investments, announced buybacks and contingency/liquidity buffer (7)=(4)+(5)+(6)	**(254,800)**	**(252,678)**	**0.8%**	**(276,496)**	**-7.8%**
Net capital commitment (3)+(7)	**(583,953)**	**(643,085)**	**-9.2%**	**(675,861)**	**-13.6%**
Portfolio value	**3,360,564**	**3,267,462**	**2.8%**	**3,198,627**	**5.1%**
NCC ratio	**17.4%**	**19.7%**	**-2.3 ppts**	**21.1%**	**-3.7 ppts**

Cash and liquid funds. Total cash and liquid funds' balance was up by 16.5% q-o-q to GEL 401.1 million (up 13.9% q-o-q to US$ 153.2 million) in 2Q23, mainly reflecting the strong dividend inflows as described above. The increase was slightly offset by a) GEL 34.5 million GCAP share buybacks, b) GEL 4.9 million cash operating expenses and d) GEL 3.4 million capital allocations. Internationally listed debt securities balance includes dollar-denominated Eurobonds issued by Georgian corporates to generate yield on GCAP's liquid funds. As at 30-June-23, the balance amounted to GEL 235.2 million, of which GEL 221.3 million (US$ 84.5 million (at amortised cost)) was allocated to GCAP's Eurobonds. In 1H23, the total cash and liquid funds' balance remained largely flat (down 2.6%).

[22] Investments are made and dividends are received at JSC Georgia Capital level, the Georgian holding company.

Loans issued. Issued loans' balance primarily refers to loans issued to our private portfolio companies and are lent at market terms. The balance was down by GEL 18.1 million in 2Q23 (down by GEL 9.4 million in 1H23), mainly reflecting loan repayments from the hospitality and auto service businesses. Subsequent to 2Q23, the loans issued balance decreased to GEL 8.7 million, reflecting the full repayment of the loan by our auto service business.

Gross debt. In US$ terms, the outstanding balance of GCAP's US$ 300 million Eurobonds remained unchanged in both reporting periods. In GEL terms, the balance was up by 3.9% in 2Q23 and down by 2.8% in 1H23, mainly reflecting the foreign exchange rate movements. Net of US$ 84.5 million GCAP Eurobonds held in treasury, the debt balance stood at US$ 219.6 million (at amortised cost) at 30-Jun-23.

Guarantees issued. The balance reflects GCAP's guarantee on the borrowing of the beer business. Due to the recent developments in the business's operating performance, in 1H23 GCAP's guarantee decreased by EUR 4.9 million to EUR 1.5 million.

Planned investments. Planned investments' balance represents expected investments in renewable energy and education businesses over the next 2-3 years. The balance in US$ terms was down 2.8% and 9.5% in 2Q23 and 1H23, respectively, due to the investments in these businesses, as described above (the balance in GEL terms was down 0.6% and 12.4% in 2Q23 and 1H23, respectively).

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-23.

As a result of the movements described above, NCC was down by 9.2% to GEL 584.0 million (US$ 223.1 million), translating into a 17.4% NCC ratio as at 30-Jun-23 (down by 2.3 ppts q-o-q).

INCOME STATEMENT (ADJUSTED IFRS / APM)

Net income under IFRS was GEL 179.4 million in 2Q23 (GEL 19.6 million net loss in 2Q22) and GEL 242.5 million in 1H23 (GEL 509.1 million net loss in 1H22). 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 96 in Georgia Capital PLC 2022 Annual report.

INCOME STATEMENT (Adjusted IFRS/APM)

GEL '000, unless otherwise noted (Unaudited)	2Q23	2Q22	Change	1H23	1H22	Change
Dividend income	121,661	32,226	NMF	148,074	34,421	NMF
Of which, regular dividend income	*81,316*	*32,226*	*NMF*	*86,503*	*34,421*	*NMF*
Of which, buyback dividend income	*40,345*	*-*	*NMF*	*61,571*	*-*	*NMF*
Interest income	5,015	9,364	-46.4%	9,991	18,150	-45.0%
Realised / unrealised loss on liquid funds	654	(1,197)	NMF	1,085	(11,435)	NMF
Interest expense	(13,000)	(17,826)	-27.1%	(26,751)	(37,679)	-29.0%
Gross operating income/(loss)	**114,330**	**22,567**	**NMF**	**132,399**	**3,457**	**NMF**
Operating expenses	(9,238)	(10,395)	-11.1%	(19,171)	(19,700)	-2.7%
GCAP net operating income/(loss)	**105,092**	**12,172**	**NMF**	**113,228**	**(16,243)**	**NMF**
Fair value changes of portfolio companies						
Listed and Observable Portfolio Companies	**56,769**	**(4,152)**	**NMF**	**56,383**	**(211,859)**	**NMF**
Of which, Bank of Georgia Group PLC	*52,769*	*(17,760)*	*NMF*	*52,383*	*(225,467)*	*NMF*
Of which, Water Utility	*4,000*	*13,608*	*-70.6%*	*4,000*	*13,608*	*-70.6%*
Private Portfolio companies	**27,137**	**(42,520)**	**NMF**	**78,004**	**(287,828)**	**NMF**
Large Portfolio Companies	**28,478**	**(21,396)**	**NMF**	**57,409**	**(163,928)**	**NMF**
Of which, Retail (pharmacy)	*(27,224)*	*13,948*	*NMF*	*(1,285)*	*(39,358)*	*-96.7%*
Of which, Hospitals	*(1,318)*	*(46,250)*	*-97.2%*	*(7,406)*	*(95,769)*	*-92.3%*
Of which, Insurance (P&C and Medical)	*57,020*	*10,906*	*NMF*	*66,100*	*(28,801)*	*NMF*
Investment Stage Portfolio Companies	**3,530**	**(3,536)**	**NMF**	**16,795**	**(19,219)**	**NMF**
Of which, Renewable energy	*686*	*8,050*	*-91.5%*	*15,330*	*(2,002)*	*NMF*
Of which, Education	*7,876*	*16,385*	*-51.9%*	*9,171*	*20,741*	*-55.8%*
Of which, Clinics and Diagnostics	*(5,032)*	*(27,971)*	*-82.0%*	*(7,706)*	*(37,958)*	*-79.7%*
Other businesses	**(4,871)**	**(17,588)**	**-72.3%**	**3,800**	**(104,681)**	**NMF**
Total investment return	**83,906**	**(46,672)**	**NMF**	**134,387**	**(499,687)**	**NMF**
Income/(loss) before foreign exchange movements and non-recurring expenses	**188,998**	**(34,500)**	**NMF**	**247,615**	**(515,930)**	**NMF**
Net foreign currency (loss)/gain	(9,389)	18,172	NMF	12,631	14,448	-12.6%
Non-recurring expenses	(1,321)	(104)	NMF	(1,321)	(196)	NMF
Net income/(loss)	**178,288**	**(16,432)**	**NMF**	**258,925**	**(501,678)**	**NMF**

Gross operating income of GEL 114.3 million in 2Q23 reflects a significant increase in dividend income, which was further supported by a y-o-y decrease in interest expenses due to the buyback and cancellation of Eurobonds in 2022 and GEL's y-o-y appreciation against US$. Gross operating income in 1H23 amounted to GEL 132.4 million.

GCAP earned an average yield of 2.3% on the average balance of liquid assets of GEL 195.0 million in 1H23 (3.9% on GEL 471.7 million in 1H22).

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

GCAP Operating Expenses Components

GEL '000, unless otherwise noted *(Unaudited)*	2Q23	2Q22	Change	1H23	1H22	Change
Administrative expenses[23]	(2,899)	(3,323)	-12.8%	(5,528)	(6,087)	-9.2%
Management expenses – cash-based[24]	(2,767)	(2,411)	14.8%	(5,356)	(4,864)	10.1%
Management expenses – share-based[25]	(3,572)	(4,661)	-23.4%	(8,287)	(8,749)	-5.3%
Total operating expenses	**(9,238)**	**(10,395)**	**-11.1%**	**(19,171)**	**(19,700)**	**-2.7%**
Of which, fund type expense[26]	*(2,338)*	*(3,091)*	*-24.4%*	*(4,904)*	*(6,084)*	*-19.4%*
Of which, management fee type expenses[27]	*(6,900)*	*(7,304)*	*-5.5%*	*(14,267)*	*(13,616)*	*4.8%*

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

GCAP management fee expenses starting from 2024 will have a self-targeted cap of 0.75% of Georgia Capital's NAV. The LTM management fee expense ratio was 0.97% at 30-Jun-23 (1.11% as of 30-Jun-22).

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total investment return was GEL 83.9 million in 2Q23 and GEL 134.4 million in 1H23, reflecting the growth in the value of our listed and observable and private portfolio businesses. We discuss valuation drivers for our businesses on pages 5-8. 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$ 142 million (GEL 371 million) at 30-Jun-23. Net foreign currency loss was GEL 9.4 million in 2Q23, and net foreign currency gain was GEL 12.6 million in 1H23. The non-recurring expenses amounted to GEL 1.3 million in both reporting periods, which includes the impact of the modification of share-based payment award for one executive. Modification removed the service condition required for the vesting of previously awarded shares, thus resulting in accelerated expense recognition for such awards. As a result of the movements described above, GCAP's adjusted IFRS *net income* was GEL 178.3 million in 2Q23 and GEL 258.9 million in 1H23.

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 the 2Q23, 1H23, 2Q22 and 1H22 portfolio company's accounts and respective IFRS numbers are unaudited. We present key IFRS financial highlights, operating metrics and ratios along with 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 27 for more background.

LARGE PORTFOLIO COMPANIES

Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns a 97.6% equity interest, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 33% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The business operates a total of 383 pharmacies (of which 371 are in Georgia and 12 are in Armenia) and 11 franchise stores (of which, four are in Armenia and Azerbaijan).

2Q23 & 1H23 performance (GEL '000), Retail (pharmacy)[28]

Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net	**202,264**	**192,100**	**5.3%**	**400,547**	**390,902**	**2.5%**
Of which, retail	*160,022*	*149,739*	*6.9%*	*316,220*	*304,617*	*3.8%*
Of which, wholesale	*42,242*	*42,361*	*-0.3%*	*84,327*	*86,285*	*-2.3%*
Gross Profit	**59,865**	**55,745**	**7.4%**	**119,159**	**114,842**	**3.8%**
Gross profit margin	*29.6%*	*29.0%*	*0.6ppts*	*29.7%*	*29.4%*	*0.3ppts*
Operating expenses (ex. IFRS 16)	(39,934)	(37,896)	5.4%	(78,713)	(76,376)	3.1%
EBITDA (ex. IFRS 16)	**19,931**	**17,849**	**11.7%**	**40,446**	**38,466**	**5.1%**
EBITDA margin, (ex. IFRS 16)	*9.9%*	*9.3%*	*0.6ppts*	*10.1%*	*9.8%*	*0.3ppts*
Net profit (ex. IFRS 16)	**12,751**	**19,477**	**-34.5%**	**33,348**	**36,522**	**-8.7%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (*ex. IFRS 16*)	**3,145**	**18,406**	**-82.9%**	**17,717**	**35,212**	**-49.7%**
EBITDA to cash conversion	*15.8%*	*103.1%*	*-87.3ppts*	*43.8%*	*91.5%*	*-47.7ppts*
Cash flow from investing activities[29]	**(84,964)**	**(25,278)**	**NMF**	**(78,139)**	**(45,672)**	**71.1%**
Free cash flow, (ex. IFRS 16)[30]	**(85,637)**	**(17,780)**	**NMF**	**(66,186)**	**(19,744)**	**NMF**
Cash flow used in financing activities (*ex. IFRS 16*)	**23,247**	**24,864**	**-6.5%**	**15,181**	**15,167**	**0.1%**

BALANCE SHEET HIGHLIGHTS	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change
Total assets	**552,064**	**581,595**	**-5.1%**	**576,060**	**-4.2%**
Of which, cash and bank deposits	29,514	88,179	-66.5%	75,279	-60.8%
Of which, securities and loans issued	20,509	22,365	-8.3%	22,857	-10.3%
Total liabilities	**502,395**	**499,210**	**0.6%**	**515,081**	**-2.5%**
Of which, borrowings	178,870	127,431	40.4%	131,547	36.0%
Of which, lease liabilities	115,331	110,035	4.8%	107,455	7.3%
Total equity	**49,669**	**82,385**	**-39.7%**	**60,979**	**-18.5%**

INCOME STATEMENT HIGHLIGHTS

- A y-o-y increase in 2Q23 and 1H23 total revenues was mainly driven by the continued expansion of the pharmacy chain and franchise stores and the overall growth in the Georgian economy. The increase in revenues was partially subdued by a) a significant decrease in 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 implementation of the External Reference Pricing model, which introduces a maximum retail price on targeted prescription medicines that are financed by the State.

[28] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[29] Of which – cash outflow on capex of GEL 5.1 million in 2Q23 and GEL 9.4 million in 1H23 (GEL 5.0 million in 2Q22 and GEL 13.8 million in 1H22); cash outflow on minority acquisition; proceeds from sale of PPE of GEL 5.4 million in 2Q23 and GEL 14.6 million in 1H23 (none in 1H23); and proceeds from sale of bonds, securities and respective interest income received of GEL 3.8 million in 2Q23 and GEL 5.8 million in 1H23 (GEL 10.9 million in 2Q22 and GEL 9.3 million in 1H22)
[30] Calculated by deducting capex and minority acquisition from operating cash flows and adding proceeds from sale of PPE.

- The improvement in the gross profit margins in 2Q23 and 1H23 reflects a) increased sales of high-margin para-pharmacy products in the retail business line (revenue from para-pharmacy, as a percentage of retail revenue, was 39.4% in 2Q23 compared to 35.2% in 2Q22 (39.5% in 1H23 compared to 34.9% in 1H22)) and b) positive developments in the wholesale business line, notwithstanding the y-o-y revenue reduction.
- Operating expenses remained well managed, with positive operating leverage of 2.0% in 2Q23 and 0.7% in 1H23.
- As a result, the business posted strong EBITDA margins (excluding IFRS 16) of 9.9% (up 60 bps y-o-y) and 10.1% (up 30 bps y-o-y) in 2Q23 and 1H23, respectively.
- Interest expense (excluding IFRS 16) was up 20.7% y-o-y in 2Q23 (up 5.9% y-o-y in 1H23), reflecting the increased average net debt balance, as described below.
- The business posted GEL 12.8 million net profit excluding IFRS 16 in 2Q23, down 34.5% y-o-y, further reflecting higher FX gain in 2Q22 due to the GEL's appreciation against the basket of foreign currencies last year. Net profit (excluding IFRS 16) in 1H23 amounted to GEL 33.3 million, down 8.7% y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt balance was up to GEL 128.9 million in 2Q23, from GEL 16.9 million in 1Q23, reflecting a) increased borrowings that partially financed the minority buyout transaction, and b) a GEL 20.1 million dividend payment to GCAP in 2Q23.
- A temporary decrease in EBITDA to cash conversion ratio in 2Q23 and 1H23 was due to the advance payments made by the business to some of its vendors in order to obtain supplier discounts. EBITDA to cash conversion ratio is expected to normalize in the second half of 2023.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- In 2Q23 the business signed an agreement with its minority shareholders to acquire a 20.6% equity interest in the business. As a result of this transaction, GCAP's ownership stake in Retail (Pharmacy) increased to 97.6% in 2Q23 from 77.0% in 1Q23. The transaction was executed at previously disclosed/agreed valuation multiples.
- The business added 19 pharmacies and 3 franchise stores (one of which is Carter's) over the last 12 months.

Unaudited	**Jun-23**	**Mar-23**	***Change (q-o-q)***	**Jun-22**	***Change (y-o-y)***
Number of pharmacies	**383**	**378**	***5***	**366**	***17***
Of which, Georgia	371	*368*	*3*	358	*13*
Of which, Armenia	12	*10*	*2*	8	*4*
Number of franchise stores	**11**	**11**	**-**	**8**	**3**
Of which, Georgia	7	7	-	6	1
Of which, Armenia	2	2	-	2	-
Of which, Azerbaijan	2	2	-	-	2

- Retail (Pharmacy)'s key operating performance highlights for 2Q23 and 1H23 are noted below:

Key metrics *(Unaudited)*	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Same store revenue growth	*2.8%*	*-1.6%*	*4.4ppts*	*-0.2%*	*5.0%*	*-5.2ppts*
Number of bills issued (mln)	*7.9*	*7.4*	*5.8%*	*15.5*	*15.0*	*3.3%*
Average bill size (GEL)	*19.3*	*18.7*	*3.3%*	*19.3*	*18.9*	*2.1%*

The same store revenue growth in 2Q23 reflects the continued expansion of the business, while a 5.2ppts y-o-y decrease in 1H23 same store revenue growth was attributable to the recalibration of product prices due to GEL's appreciation against foreign currencies. If measured on a constant currency basis (excluding the impact of FX movements), the same store revenue growth would stand at c.9% and c.7%, in 2Q23 and 1H23 y-o-y, respectively.

Discussion of Hospitals Business Results

The hospitals business, where GCAP owns a 100% equity, 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.

2Q23 & 1H23 performance (GEL '000), Hospitals[31]

Unaudited						
INCOME STATEMENT HIGHLIGHTS	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net[32]	**78,496**	**72,483**	**8.3%**	**152,161**	**149,557**	**1.7%**
Gross Profit	**28,352**	**26,576**	**6.7%**	**54,338**	**54,353**	**NMF**
Gross profit margin	*35.8%*	*36.1%*	*-0.3ppts*	*35.4%*	*35.8%*	*-0.4ppts*
Operating expenses (ex. IFRS 16)	(13,651)	(13,118)	4.1%	(26,013)	(25,805)	0.8%
EBITDA (ex. IFRS 16)	**14,701**	**13,458**	**9.2%**	**28,325**	**28,548**	**-0.8%**
EBITDA margin (ex. IFRS 16)	*18.5%*	*18.3%*	*0.2ppts*	*18.4%*	*18.8%*	*-0.4ppts*
Net (loss)/profit (ex. IFRS 16)[33]	**(376)**	**1,767**	**NMF**	**(1,204)**	**4,784**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**(3,963)**	**4,027**	**NMF**	**(6,944)**	**14,616**	**NMF**
EBITDA to cash conversion (ex. IFRS 16)	*-27.0%*	*29.9%*	*-56.9ppts*	*-24.5%*	*51.2%*	*-75.7ppts*
Cash flow used in investing activities[34]	**(7,864)**	**5,192**	**NMF**	**(14,043)**	**2,312**	**NMF**
Free cash flow (ex. IFRS 16)[35]	**(11,973)**	**5,637**	**NMF**	**(21,391)**	**14,248**	**NMF**
Cash flow from financing activities (ex. IFRS 16)	**(3,875)**	**(25,570)**	**-84.8%**	**4,752**	**(45,899)**	**NMF**

BALANCE SHEET HIGHLIGHTS	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change
Total assets	**630,233**	**628,175**	**0.3%**	**614,705**	**2.5%**
Of which, cash balance and bank deposits	4,991	20,846	-76.1%	21,625	-76.9%
Of which, securities and loans issued	8,575	8,374	2.4%	14,040	-38.9%
Total liabilities	**288,013**	**286,023**	**0.7%**	**270,418**	**6.5%**
Of which, borrowings	227,093	223,317	1.7%	213,880	6.2%
Total equity	**342,220**	**342,152**	**NMF**	**344,287**	**-0.6%**

INCOME STATEMENT HIGHLIGHTS

- A strong y-o-y rebound in 2Q23 revenue reflects the gradual organic return to pre-pandemic levels of activity, as following the suspension of COVID contracts by the Government in 1Q22, the patient traffic has been returning to normal levels.
- 1H23 y-o-y revenue growth reflects a strong 2Q23 performance, as described above, partially offset by a higher base effect of the following factors on the 1Q23 results:
  - The suspension of COVID contracts by the Government in mid-March 2022.
  - Temporary closure of Iashvili Paediatric Tertiary Referral Hospital ("Iashvili Hospital), the largest paediatric services provider in the country, due to mandatory regulatory-related renovation works. The works commenced in October 2022 and were completed in March 2023.
  - The absence of revenues from the Traumatology Hospital, which was divested in April 2022.
- Adjusted for the temporary closure of Iashvili Hospital and the absence of revenues from the Traumatology Hospital, the 1H23 revenue was up by 5.7% y-o-y.
- The cost of services in the business consists mainly of salaries, materials and utilities. Trends in salary and materials costs are captured in the direct salary and materials rates[36].
  - A y-o-y increase in direct salary rates, up 1.5 ppts to 37.6% in 2Q23 and up 2.4 ppts to 37.6% in 1H23, is mainly attributable to increased minimum salary rates for medical staff.
  - Phasing out of COVID as well as the completion of the transfer of the hospitals business' procurement department from pharmacy to hospitals (which began in January 2021 and was completed in December 2022), led to an improvement in materials rate (17.6% in 2Q23 compared to 18.4% in 2Q22 and 17.4% in 1H23 compared to 19.1% in 1H22).
  - Utilities and other costs were up y-o-y by 6.2% in 2Q23 and up 5.6% in 1H23, resulting from inflation pressures.
- Well-managed administrative salaries and other employee benefits as well as a decrease in general and administrative expenses (excl. IFRS 16) (down 6.1% in 2Q23 y-o-y) resulted in positive operating leverage of 2.6% in 2Q23. Overall in 1H23 operating leverage was negative at 0.8% further reflecting an increase in general and administrative expenses (excl. IFRS 16) in 1H23 (up 3.8% y-o-y), due to the launch of new products and services and increased marketing costs to support the transition to the post-COVID environment.
- The developments described above resulted in a 9.2% and 0.2 ppts y-o-y increase in EBITDA (excl. IFRS 16) and EBITDA margin in 2Q23. The 1H23 EBITDA was down 0.8% y-o-y, but adjusted for the temporary closure of Iashvili Hospital and the absence of revenues from the Traumatology Hospital was up by 11.1% y-o-y.

[31] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[32] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.
[33] 2Q22 and 1H22 numbers are adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.
[34] Of which - capex of GEL 8.7 million in 2Q23 (GEL 5.3 million in 2Q22) and GEL 16.7 million in 1H23 (GEL 9.1 million in 1H22).
[35] Operating cash flows less capex, plus net proceeds on sale of PPE.
[36] The respective costs divided by gross revenues.

- Net interest expense (excluding IFRS 16) was up by 42.3% in 2Q23 and up 38.6% in 1H23, y-o-y, reflecting the increased net debt balance as described below.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt balance was up 10.0% q-o-q and up 19.8% YTD, mainly resulting from the delay in the collection of receivables from the State in 2023 due to one-off processing delays associated with the introduction of Diagnosis Related Group ("DRG") financing system.
- Negative cash flow from operating activities (excl. IFRS 16) was due to the delay in the collection of receivables from the State in 1H23.
- Capex investment was GEL 8.7 million in 2Q23, mainly reflecting maintenance capex at hospitals. In 1H23 the capex investment of GEL 16.7 million apart from maintenance capex also includes renovation works in Iashvili Hospital.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business key operating performance highlights for 2Q23 and 1H23 are noted below:

***Key metrics** (Unaudited)*	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Occupancy rate	*57.3%*	*57.9%*	*-0.6 ppts*	*55.6%*	*59.9%*	*-4.3 ppts*
Number of admissions (thousands)	*285.5*	*301.7*	*-5.4%*	*547.9*	*616.4*	*-11.1%*

2Q23 and 1H23 revenues were up notwithstanding the y-o-y decrease in the occupancy rate and the number of admissions in both reporting periods. This reflects the change in service mix and increased demand for elective care and outpatient services, which is in line with the planned transition to the post-COVID operating environment.

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

The insurance business comprises a) Property and Casualty (P&C) insurance business and b) medical insurance business. The P&C insurance business is a leading player in the local insurance market with a 27.4% market share in property and casualty insurance based on gross premiums as of 31-Dec-22. P&C also offers a variety of non-property and casualty products, such as life insurance. The medical insurance business is one of the country's largest private health insurers, with a 19% market share based on 1Q23 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.

2Q23 & 1H23 performance (GEL'000), Insurance (P&C and Medical)[37]

Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Insurance revenue	52,174	42,549	22.6%	98,405	81,706	20.4%
Net underwriting profit	14,234	11,832	20.3%	27,498	22,777	20.7%
Net investment profit	3,877	2,318	67.3%	6,353	4,275	48.6%
Net profit	7,385	5,769	28.0%	14,000	10,359	35.1%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	12,911	13,079	-1.3%	21,277	15,131	40.6%
Free cash flow	**11,359**	**12,243**	**-7.2%**	**19,026**	**13,715**	**38.7%**
BALANCE SHEET HIGHLIGHTS	**30-Jun-23**	**31-Mar-23**	**Change**	**31-Dec-22**	**Change**	
Total assets	236,917	223,635	5.9%	217,373	9.0%	
Total equity	127,730	128,872	-0.9%	121,486	5.1%	

- The Georgian insurance sector is set to adopt the Estonian Taxation Model which will come into force from the beginning of 2024. Prior to this change, the pre-tax profit of the insurance businesses was levied by a 15% corporate income tax. Following the enforcement of the Estonian Taxation Model, a 15% corporate income tax will be applied to earnings distributed to individuals or non-resident legal entities. Consequently, GCAP's insurance businesses will no longer be subject to the corporate income tax payment, freeing up the resources for both business development and enhanced dividend payments to GCAP.
- In 1H23, P&C and medical insurance businesses adopted the IFRS 17 "Insurance contracts" accounting standard. Comparative periods were also retrospectively restated.

[37] 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 in 2Q23 and 1H23 was mainly attributable to P&C (80.7% and 77.1% share in total net profit in 2Q23 and 1H23, respectively). The loss ratio was down by 0.2 ppts and the expense ratio was down by 1.9 ppts y-o-y in 2Q23 (up 0.9 ppts and down 1.6 ppts y-o-y in 1H23, respectively), translating into 0.3 ppts y-o-y decrease in the combined ratio (down 0.8 ppts y-o-y in 1H23). As a result, ROAE[38] was 25.0% in 2Q23 (22.1% in 2Q22) and 24.5% in 1H23 (20.4% in 1H22).

Discussion of results, P&C Insurance

(GEL '000) Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Insurance revenue	28,544	23,835	19.8%	52,965	45,310	16.9%
Net underwriting profit	10,719	9,797	9.4%	20,603	18,174	13.4%
Net investment profit	2,655	1,333	99.2%	4,069	2,398	69.7%
Net profit	5,957	5,263	13.2%	10,788	9,224	17.0%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	11,065	12,653	-12.6%	17,943	16,071	11.6%
Free cash flow	**10,513**	**12,083**	**-13.0%**	**16,732**	**15,019**	**11.4%**
BALANCE SHEET HIGHLIGHTS	**30-Jun-23**	**31-Mar-23**	**Change**	**31-Dec-22**	**Change**	
Total assets	167,336	155,635	7.5%	151,795	10.2%	
Total equity	87,977	90,566	-2.9%	86,090	2.2%	

INCOME STATEMENT HIGHLIGHTS

- The increase in 2Q23 and 1H23 insurance revenue reflects a combination of factors:
  - Motor insurance revenues were up by GEL 2.2 million y-o-y in 2Q23 (up by 3.4 million in 1H23), mainly attributable to the growth in the retail client portfolio.
  - Credit life insurance revenues were up by GEL 1.1 million y-o-y in 2Q23 (up by 2.5 million in 1H23), resulting from the growth of banks' portfolios in the mortgage, consumer loan, and other sectors.
  - Agricultural insurance revenues were up by GEL 0.8 million y-o-y in 2Q23 (up by GEL 0.8 million y-o-y in 1H23), driven by increased Agro insurance sales from GEL11.7 million in 1H22 to GEL 13.2 million in 1H23.
  - Border MTPL revenues increased by GEL 0.3 million y-o-y in 2Q23 (up by 0.8 million in 1H23), reflecting the direct impact of migration and the significant recovery in tourism.

- P&C Insurance's key performance ratios for 2Q23 and 1H23 are noted below:

Key ratios *(Unaudited)*	**2Q23**	**2Q22**	***Change***	**1H23**	**1H22**	***Change***
Combined ratio	84.3%	79.8%	4.5 ppts	83.6%	81.2%	2.4 ppts
Expense ratio	33.8%	34.3%	-0.5 ppts	34.6%	34.1%	0.5 ppts
Loss ratio	48.4%	46.8%	1.6 ppts	50.4%	48.1%	2.3 ppts
FX ratio	2.1%	-1.3%	3.4 ppts	-1.4%	-1.0%	-0.4 ppts
ROAE[38]	30.2%	29.5%	0.7 ppts	28.0%	26.6%	1.4 ppts

- The combined ratio increased by 4.5 ppts y-o-y in 2Q23 (up by 2.4 ppts y-o-y in 1H23).
  - The expense ratio remained well controlled in both reporting periods, down 0.5 ppts y-o-y in 2Q23 and up 0.5 ppts y-o-y in 1H23.
  - An increase in the loss ratio in 2Q23 is mainly attributable to increased Agro insurance claims due to unfavourable weather conditions during the quarter. The 1H23 loss ratio further reflects a large property insurance claim incurred in 1Q23, with an estimated net loss of GEL 1.2 million.
  - A 3.4 y-o-y ppts increase in FX ratio in 2Q23 (down 0.4 ppts y-o-y in 1H23) reflects the impact of foreign exchange rate movements on the business operations.
- P&C Insurance's net investment profit was up by 99.2% y-o-y in 2Q23 (up by 69.7% y-o-y in 1H23), reflecting a) a higher average liquid funds balance, b) an increase in global interest rates, and c) lower market-driven losses on investments placed in publicly traded debt securities.

[38] Calculated based on net income, adjusted for non-recurring items and average equity, adjusted for preferred shares.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- P&C Insurance's solvency ratio was 185% as of 30 June 2023, significantly above the required minimum of 100%.
- A 12.6% y-o-y decrease in the net cash flows from operating activities in 2Q23 reflects the payment of some payable balances to agents and brokers as well as the reimbursement of claims as described above. Overall, the operating cash flow in 1H23 increased by 11.6% y-o-y, mainly driven by higher underwriting cash flows of the business, as well as increased investment returns.
- GEL 8.4 million dividends were paid to GCAP in 2Q23 on the back of the strong operating performance.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- With its 27.4% market share on the local insurance market, P&C remained the largest market player, maintaining a strong position.
- In 1H23, the business expanded its operations into the regional reinsurance markets of Armenia and Azerbaijan, generating GEL 0.5 million (GEL 0.2 million in 2Q23) in net written premiums from these countries, translating into GEL 0.3 million net revenue in 1H23.

Discussion of results, Medical Insurance

(GEL '000) Unaudited

INCOME STATEMENT HIGHLIGHTS	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Insurance revenue	23,630	18,714	26.3%	45,440	36,396	24.8%
Net underwriting profit	3,515	2,035	72.7%	6,895	4,603	49.8%
Net investment profit	1,222	985	24.1%	2,284	1,877	21.7%
Net profit	1,428	506	NMF	3,212	1,135	NMF
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	1,846	426	NMF	3,334	(940)	NMF
Free cash flow	**846**	**160**	**NMF**	**2,294**	**(1,304)**	**NMF**
BALANCE SHEET HIGHLIGHTS	**30-Jun-23**	**31-Mar-23**	**Change**	**31-Dec-22**	**Change**	
Total assets	69,581	68,000	2.3%	65,578	6.1%	
Total equity	39,753	38,306	3.8%	35,396	12.3%	

INCOME STATEMENT HIGHLIGHTS

- The increase in 2Q23 and 1H23 insurance revenue is due to the 8.0% y-o-y increase in the total number of insured clients (c.173,000 as of Jun-23), mainly in the corporate client segment.
- 1H23 net claims expenses stood at GEL 36.7 million (up 21.9% y-o-y), out of which:
  - GEL 16.5 million (45.0% of the total) was inpatient;
  - GEL 14.0 million (38.1% of the total) was outpatient; and
  - GEL 6.2 million (16.9% of the total) was related to pharmaceuticals.
- The business maintained a targeted loss ratio of 81.0% in 2Q23 and 80.7% in 1H23, down 3.3 ppts and 2.0 ppts y-o-y, respectively.
- A 3.3 ppts and 3.2 ppts y-o-y decrease in the expense ratio in 2Q23 and 1H23, was due to the top-line growth of the business while operating expenses remained flat. These translated into a 6.6 ppts and 5.2 ppts y-o-y decrease in the combined ratio, respectively.
- The developments described above led to a more than 180% y-o-y increase in the 1Q23 and 1H23 net profits.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business remains one of the largest medical insurers on the market with a 19.4% market share based on 1Q23 net insurance premiums. The insurance renewal rate was up 12.5 ppts y-o-y to 83.0% in 1H23.

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, the business has a pipeline of renewable energy projects in varying stages of development. The renewable energy business is 100% owned by Georgia Capital. As electricity sales in Georgia is a dollar business, the financial data below is presented in US$.

2Q23 & 1H23 performance (US$ '000), Renewable Energy[39]

Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Revenue	**4,159**	**4,316**	**-3.6%**	**5,964**	**6,385**	**-6.6%**
Of which, PPA	*1,935*	*1,814*	*6.7%*	*3,740*	*3,736*	*0.1%*
Of which, Non-PPA	*2,224*	*2,502*	*-11.1%*	*2,224*	*2,649*	*-16.0%*
Operating expenses	(1,117)	(772)	44.7%	(2,025)	(1,646)	23.0%
EBITDA	**3,042**	**3,544**	**-14.2%**	**3,939**	**4,739**	**-16.9%**
EBITDA margin	*73.1%*	*82.1%*	*-9.0 ppts*	*66.0%*	*74.2%*	*-8.2 ppts*
Net profit/(loss)	**174**	**394**	**-55.8%**	**(1,539)**	**(2,775)**	**-44.5%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities	**1,912**	**2,607**	**-26.7%**	**2,485**	**3,729**	**-33.4%**
Cash flow used in investing activities	**(612)**	**(8)**	**NMF**	**(2,154)**	**(2,252)**	**-4.4%**
Cash flow used in financing activities	**(1,845)**	**(3,009)**	**-38.7%**	**(2,654)**	**(7,296)**	**-63.6%**
Dividends paid out	-	*(700)*	*NMF*	*(2,000)*	*(1,400)*	*42.9%*
BALANCE SHEET HIGHLIGHTS	**30-Jun-23**	**31-Mar-23**	**Change**	**31-Dec-22**	**Change**	
Total assets	**121,869**	**121,338**	**0.4%**	**122,645**	**-0.6%**	
Of which, cash balance	*7,212*	*7,706*	*-6.4%*	*9,468*	*-23.8%*	
Total liabilities	**83,578**	**84,374**	**-0.9%**	**84,288**	**-0.8%**	
Of which, borrowings	*81,116*	*81,966*	*-1.0%*	*80,570*	*0.7%*	
Total equity	**38,291**	**36,964**	**3.6%**	**38,357**	**-0.2%**	
INCOME STATEMENT HIGHLIGHTS (GEL)	2Q23	2Q22	Change	1H23	1H22	Change
Revenue	10,722	12,834	-16.5%	15,427	19,244	-19.8%
EBITDA	7,841	10,523	-25.5%	10,180	14,227	-28.4%

INCOME STATEMENT HIGHLIGHTS

- A y-o-y decrease in 2Q23 and 1H23 revenues in US$ terms reflects the net impact of the following factors:
  - A 13.2% y-o-y decrease in electricity generation in 2Q23 (down 13.6% y-o-y in 1H23), as one of the power-generating units of Hydrolea HPPs was temporarily taken offline due to planned rehabilitation works (the works were completed in June 2023 and the operations resumed in their normal course).
  - The increase in the average electricity selling price, up 11.0% y-o-y to 54.1 US$/MWh in 2Q23 and up 8.2% y-o-y to 56.4 US$/MWh in 1H23. This reflects the export of 16.7 GWh of electricity to the Republic of Türkiye in 2Q23, with the average export price reaching 68.7 US$/MWh.
- Approximately 40% of electricity sales during 2Q23 (c.55% in 1H23) were covered by long-term fixed-price power purchase agreements (PPAs) formed with a Government-backed entity.

<u>*Revenue and generation breakdown by power assets:*</u>

Unaudited	2Q23				1H23			
US$ '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	1,849	*28.9%*	34,094	*1.0%*	1,931	*26.8%*	35,591	*0.6%*
21MW Qartli wind farm	1,427	*7.1%*	21,948	*7.1%*	2,776	*7.9%*	42,707	*7.9%*
20MW Hydrolea HPPs	883	*-43.0%*	20,844	*-39.2%*	1,257	*-45.1%*	27,501	*-42.1%*
Total	**4,159**	***-3.6%***	**76,886**	***-13.2%***	**5,964**	***-6.6%***	**105,799**	***-13.6%***

- Operating expenses were up by 44.7% and 23.0% y-o-y in 2Q23 and 1H23, respectively, mainly reflecting the electricity and transmission costs incurred due to electricity export in the Republic of Türkiye.
- The developments described above, led to a 14.2% and 16.9% y-o-y decrease in EBITDA in 2Q23 and 1H23, respectively.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- A y-o-y decrease in operating cash flows reflects the decrease in 2Q23 and 1H23 EBITDA, as described above.
- A y-o-y decrease in cash outflows from financing activities in 2Q23 and 1H23 is attributable to the following factors:
  - Investment of US$ 1.0 million by GCAP for the development of the pipeline projects in 2Q23 (US$ 2.2 million in 1H23),
  - A y-o-y differential in coupon payments between the existing local bonds (US$ 2.8 million paid in 2Q23) and the already redeemed Eurobonds (US$ 3.7 million paid in 1Q22),
  - Eurobond buybacks of US$ 2.2 million by the business in 2Q22.

[39] The detailed IFRS financial statements (in both US$ and GEL) are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

Discussion of Education Business Results

Our education business currently combines majority stakes in four private school brands operating across six campuses, acquired in 2019-2023: 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.

2Q23 & 1H23 performance (GEL '000), Education[40]

Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Revenue	**14,468**	**11,351**	**27.5%**	**28,408**	**22,154**	**28.2%**
Operating expenses	(9,930)	(6,879)	44.4%	(18,508)	(13,365)	38.5%
EBITDA	**4,538**	**4,472**	**1.5%**	**9,900**	**8,789**	**12.6%**
EBITDA Margin	*31.4%*	*39.4%*	*-8.0 ppts*	*34.8%*	*39.7%*	*-4.9 ppts*
Net profit	**3,427**	**4,588**	**-25.3%**	**8,429**	**8,479**	**-0.6%**
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	8,231	8,833	-6.8%	11,327	10,517	7.7%
Net cash flows used in investing activities	(4,715)	(5,766)	-18.2%	(19,839)	(8,201)	NMF
Net cash flows from financing activities	514	1,721	-70.1%	13,053	2,627	NMF
BALANCE SHEET HIGHLIGHTS	**30-Jun-23**	**31-Mar-23**	**Change**	**31-Dec-22**	**Change**	
Total assets	**180,212**	**171,236**	**5.2%**	**156,320**	**15.3%**	
Of which, cash	9,970	5,921	68.4%	5,709	74.6%	
Total liabilities	**56,329**	**52,120**	**8.1%**	**52,168**	**8.0%**	
Of which, borrowings	24,288	23,693	2.5%	21,740	11.7%	
Total equity	**123,883**	**119,116**	**4.0%**	**104,152**	**18.9%**	

INCOME STATEMENT HIGHLIGHTS

- Strong intakes and a ramp-up of the utilisation led to a 27.5% y-o-y increase in revenue in 2Q23 (up 28.2% y-o-y in 1H23), in line with both the organic growth and expansion of the business. Our education business has experienced a significant increase in the total number of learners during the 2022-2023 academic year. The total number of learners increased by 1,286 y-o-y (up by 39.8% y-o-y to 4,516 learners as of 30-Jun-23), of which 307 learners were added through the recent expansion in the affordable segment as described below.
- EBITDA margin was down by 8.0 ppts y-o-y to 31.4% in 2Q23 (down by 4.9 ppts y-o-y to 34.8% in 1H23) reflecting a) a shift in academic days in midscale school and b) increased operating expenses due to the increased salary, catering and utility expenses, in line with the expansion of the business and inflation. This translated into a 1.5% y-o-y increase in 2Q23 EBITDA (up 12.6% y-o-y in 1H23).
- As a result, the business posted GEL 3.4 million net income in 2Q23, down by 25.3% y-o-y (GEL 8.4 million in 1H23 down by 0.6% y-o-y).

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Strong cash collection rates (at 96.4% as of 30-Jun-23, largely at last year's level of 96.7%), combined with enhanced revenue streams, led to a 7.7% y-o-y increase in operating cash flow generation of the business in 1H23.
- Cash outflows on investing activities in 2Q23 and 1H23 mainly reflect two investment projects as described below and the investment for the development of a new campus in the midscale segment which will be launched in the 2023-2024 academic year.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

In 1H23, the education business increased its capacity in the affordable segment by 1,200 learners through the acquisition of the new campus. With this investment, the education business has expanded from the built capacity of 5,670 learners to 6,870 learners, while the capacity of the affordable segment increased from 3,500 learners to 4,700 learners.

In 1H23, the education business also acquired a land plot for the planned expansion of the premium and international segments. This acquisition will increase the total secured pipeline capacity for all segments for 2025 by 350 learners, in total from 2,410 learners to 2,760 learners. Of this amount, the secured pipeline capacity of the premium and international schools will increase from the current 1,200 learners to 1,550 learners.

- The utilisation rate for the total learner capacity was up by 1.9 ppts y-o-y to 65.7% as of 30-Jun-23.
  - The utilisation rate for the pre-expansion 2,810 learner capacity (i.e., excluding the new capacity addition of 4,060 learners) was up by 3.5 ppts y-o-y to 100% as of 30 June 2023.
  - The utilisation of the newly added capacity of 4,060 learners was 42.0% as of 30 June 2023.

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

Discussion of Clinics and Diagnostics Business Results

The clinics and diagnostics business, where GCAP owns a 100% equity interest, is the second largest healthcare market participant in Georgia after our hospitals business. The business comprises two segments: 1) Clinics: 18 community clinics with 353 beds (providing outpatient and basic inpatient services); 17 polyclinics (providing outpatient diagnostic and treatment services) and 14 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – "Mega Lab".

2Q23 & 1H23 performance (GEL '000), Clinics and Diagnostics[41]

Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net[42]	**20,993**	**17,795**	**18.0%**	**40,890**	**43,723**	**-6.5%**
Of which, clinics	*17,917*	*15,188*	*18.0%*	*34,986*	*34,795*	*0.5%*
Of which, diagnostics	*4,776*	*3,937*	*21.3%*	*9,192*	*11,765*	*-21.9%*
Of which, inter-business eliminations	*(1,700)*	*(1,330)*	*27.8%*	*(3,288)*	*(2,837)*	*15.9%*
Gross Profit	**9,365**	**7,546**	**24.1%**	**17,766**	**17,999**	**-1.3%**
Gross profit margin	*43.8%*	*42.2%*	*1.6ppts*	*42.8%*	*41.0%*	*1.8 ppts*
Operating expenses (ex. IFRS 16)	(6,191)	(5,247)	18.0%	(12,017)	(10,980)	9.4%
EBITDA (ex. IFRS 16)	**3,174**	**2,299**	**38.1%**	**5,749**	**7,019**	**-18.1%**
EBITDA margin (ex. IFRS 16)	*14.8%*	*12.9%*	*1.9 ppts*	*13.8%*	*16.0%*	*-2.2 ppts*
Net (loss)/profit (ex. IFRS 16)	**(1,233)**	**(1,230)**	**0.2%**	**(1,704)**	**352**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**2,126**	**1,712**	**24.2%**	**1,088**	**2,788**	**-61.0%**
EBITDA to cash conversion (ex. IFRS 16)	*67.0%*	*74.5%*	*-7.5ppts*	*18.9%*	*39.7%*	*-20.8ppts*
Cash flow used in investing activities	**(3,720)**	**(4,000)**	**-7.0%**	**(6,698)**	**(6,442)**	**4.0%**
Free cash flow (ex. IFRS 16)[43]	**(1,482)**	**(2,325)**	**36.3%**	**(5,443)**	**(3,638)**	**-49.6%**
Cash flow from financing activities (ex. IFRS 16)	**1,132**	**440**	**NMF**	**5,406**	**(903)**	**NMF**

BALANCE SHEET HIGHLIGHTS	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change
Total assets	**200,403**	**195,537**	**2.5%**	**190,767**	**5.1%**
Of which, cash balance and bank deposits	6,766	7,224	-6.3%	6,966	-2.9%
Of which, securities and loans issued	3,141	3,081	1.9%	3,107	1.1%
Total liabilities	**105,836**	**99,335**	**6.5%**	**94,786**	**11.7%**
Of which, borrowings	69,253	65,820	5.2%	60,832	13.8%
Total equity	**94,567**	**96,202**	**-1.7%**	**95,981**	**-1.5%**

Discussion of results, Clinics

(GEL '000) Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net[49]	**17,917**	**15,188**	**18.0%**	**34,986**	**34,795**	**0.5%**
Of which, polyclinics	12,410	10,404	*19.3%*	23,832	20,886	*14.1%*
Of which, community clinics	5,507	4,784	*15.1%*	11,154	13,908	*-19.8%*
Gross Profit	**8,118**	**6,763**	**20.0%**	**15,501**	**14,940**	**3.8%**
Gross profit margin	*44.4%*	*44.3%*	*0.1ppts*	*43.5%*	*42.7%*	*0.8ppts*
Operating expenses (ex. IFRS 16)	(5,341)	(4,349)	22.8%	(10,405)	(8,881)	17.2%
EBITDA (ex. IFRS 16)	**2,777**	**2,414**	**15.0%**	**5,096**	**6,059**	**-15.9%**
EBITDA margin (ex. IFRS 16)	*15.2%*	*15.8%*	*-0.6ppts*	*14.3%*	*17.3%*	*-3.0ppts*
Net (loss)/profit (ex. IFRS 16)	**(1,087)**	**(808)**	**34.5%**	**(1,404)**	**24**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**2,398**	**2,146**	**11.7%**	**2,771**	**3,569**	**-22.4%**
EBITDA to cash conversion (ex. IFRS 16)	*86.4%*	*88.9%*	*-2.5ppts*	*54.4%*	*58.9%*	*-4.5ppts*
Cash flow used in investing activities[44]	**(3,571)**	**(3,728)**	**-4.2%**	**(5,959)**	**(5,831)**	**2.2%**
Free cash flow (ex. IFRS 16)[43]	**(1,059)**	**(1,602)**	**33.9%**	**(3,012)**	**(2,209)**	**-36.4%**
Cash flow from financing activities (ex. IFRS 16)	**637**	**778**	**-18.1%**	**3,998**	**(257)**	**NMF**

BALANCE SHEET HIGHLIGHTS	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change
Total assets	**170,277**	**165,035**	**3.2%**	**160,691**	**6.0%**
Of which, cash balance and bank deposits	6,640	7,170	-7.4%	5,825	14.0%
Of which, securities and loans issued	3,417	3,357	1.8%	3,379	1.1%
Total liabilities	**93,720**	**87,502**	**7.1%**	**83,531**	**12.2%**
Of which, borrowings	63,735	60,914	4.6%	56,908	12.0%
Total equity	**76,557**	**77,533**	**-1.3%**	**77,160**	**-0.8%**

INCOME STATEMENT HIGHLIGHTS

- Similar to the hospitals business, the organic transition to the post-COVID operating environment, has been positively reflected in the 2Q23 net revenue of the clinics business. Net revenue from polyclinics was up by 19.3%, while the revenue

[41] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[42] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.
[43] Operating cash flows less capex.
[44] Of which capex of GEL 3.5 million in 2Q23 and GEL 5.8 million in 1H23 (GEL 3.7 million in 2Q22 and GEL 5.8 million in 1H22).

from community clinics increased by 15.1%, y-o-y in 2Q23, both reflecting significant growth in revenues from regular ambulatory services.

- The increase in 1H23 net revenue reflects the improved 2Q23 performance, as described above, partially offset by the suspension of COVID contracts in March 2022 and the related y-o-y decrease in 1Q23 revenue as compared to 1Q22.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the direct materials and salary rates[45] (a significant portion of direct salaries are fixed). The y-o-y increase in the gross profit, up 20.0% and up 3.8% in 2Q23 and 1H23, respectively, was due to the following factors:
  - The post-COVID transition was reflected in the improved materials rate (COVID treatments are characterised by high materials rate). The materials rate was down 2.2 ppts in 2Q23 and down 5.1 ppts in 1H23, y-o-y.
  - The 2Q23 direct salary rate was down by 2.6 ppts y-o-y in line with the revenue growth, while a 0.9 ppts y-o-y increase in 1H23 reflects the suspension of the COVID contracts, as described above.
- Operating expenses (excl. IFRS 16) were up 22.8% in 2Q23 and up 17.2% in 1H23 y-o-y, mainly reflecting the increase in salaries and other employee benefits (up 17.2% and 11.4% y-o-y) and general and administrative expenses (excl. IFRS 16) (up 33.0% and 17.4% y-o-y). The increase is mainly attributable to the expansion as well as the restructuring of the business back to normal operating levels.
- As a result, the EBITDA margin (excl. IFRS 16) was down 0.6 ppts to 15.2% in 2Q23 and down 3.0 ppts to 14.3% in 1H23.
- The net interest expense (excl. IFRS 16) was up 4.7% in 2Q23 and up 6.9% in 1H23 y-o-y, reflecting a) an increased balance of net debt due to weaker cash generation and investment made for the expansion of the business and b) increased interest rates on the market.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Strong top-line performance in 2Q23 translated into an 11.7% y-o-y increase in the operating cash flow in 2Q23. The decrease in operating cash flow in 1H23 reflects the state prepayment of some invoices under the universal healthcare coverage in December 2022.
- In 1H23, the business spent GEL 5.8 million on capex, primarily related to the expansion of the polyclinics chain in 2023 and investment in maintenance capex at community clinics. Capex investment in 2Q23 amounted to GEL 3.5 million.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Our community clinics and (to a lesser extent) our polyclinics were both affected by the reduced traffic for COVID services, such as COVID tests and vaccinations in 2023:

Unaudited	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Number of admissions (thousands)	511.4	497.5	2.8%	1,021.6	1,136.1	-10.1%
Of which, polyclinics	410.1	394.3	4.0%	821.7	882.7	-6.9%
Of which, community clinics	101.3	103.2	-1.8%	199.9	253.4	-21.1%

- The number of polyclinics and community clinics operated by the business is provided below.

Unaudited	**Jun-23**	**Mar-23**	***Change (q-o-q)***	**Jun-22**	***Change (y-o-y)***
Number of clinics	35	36	-	35	-
Of which, polyclinics	*17*	*17*	-	*16*	*1*
Of which, community clinics	*18*	*19*	*-1*	*19*	*-1*

- The number of registered patients increased by c.19,000 y-o-y to c.283,000 in Tbilisi and by c.22,000 y-o-y to c.623,000 across the country as of 30-Jun-23.

Discussion of results, Diagnostics

(GEL '000) Unaudited						
INCOME STATEMENT HIGHLIGHTS	**2Q23**	**2Q22**	**Change**	**1H23**	**1H22**	**Change**
Revenue, net[46]	**4,776**	**3,937**	**21.3%**	**9,192**	**11,765**	**-21.9%**
Of which, from regular lab tests	*4,666*	*3,219*	*45.0%*	*8,869*	*6,891*	*28.7%*
Of which, from COVID-19 tests	*110*	*718*	*-84.7%*	*323*	*4,874*	*-93.4%*
Gross Profit	**1,247**	**783**	**59.3%**	**2,265**	**3,053**	**-25.8%**
Gross profit margin	*26.1%*	*19.9%*	*6.2ppts*	*24.6%*	*25.9%*	*-1.3ppts*
Operating expenses (ex. IFRS 16)	(850)	(898)	-5.3%	(1,612)	(2,093)	-23.0%
EBITDA (ex. IFRS 16)	**397**	**(115)**	**NMF**	**653**	**960**	**-32.0%**
EBITDA margin (ex. IFRS 16)	*8.3%*	*-2.9%*	*11.2ppts*	*7.1%*	*8.2%*	*-1.1ppts*
Net (loss)/profit (ex. IFRS 16)	**(598)**	**(422)**	**41.7%**	**(752)**	**328**	**NMF**

[45] The respective costs divided by gross revenues.
[46] Net revenue – Gross revenue less corrections and rebates.

INCOME STATEMENT HIGHLIGHTS

- As part of the post-COVID transition, the business has been actively broadening its client base and diversifying its range of non-COVID services. This translated into a 45.0% y-o-y increase in revenues from regular lab tests in 2Q23, leading to a 21.3% y-o-y increase in the total revenue of the business.
- The 21.9% y-o-y decrease in the net revenue of the diagnostics business in 1H23 was driven by the suspension of Government contracts for COVID testing in March 2022 as infections slowed and became less severe. After having been the revenue driver in 2021 and the first quarter of 2022, revenues from COVID testing decreased dramatically, and were down 93.4% y-o-y in 1H23.
- The strong 2Q23 performance translated into a 59.3% y-o-y increase in gross profit with 26.1% gross profit margin (up 6.2 ppts y-o-y) and GEL 0.4 mln EBITDA with 8.3% EBITDA margin (up 11.2 ppts y-o-y).

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The key operating performance highlights for 2Q23 and 1H23 are noted below:

Unaudited	2Q23	2Q22	Change	1H23	1H22	Change
Number of non-Covid tests performed (thousands)	626	509	23.1%	1,234	1,111	11.0%
Average revenue per non-Covid test (GEL)	7.5	6.3	17.8%	7.2	6.2	15.9%

Discussion of Other Portfolio Results

The four businesses in our "other" private portfolio are Auto Service, Beverages, Housing Development, and Hospitality. They had a combined value of GEL 286.1 million at 30-Jun-23, which represented 8.5% of our total portfolio.

2Q23 & 1H23 aggregated performance highlights (GEL '000), Other Portfolio

(Unaudited)	2Q23	2Q22	Change	1H23	1H22	Change
Revenue	149,512	121,607	22.9%	270,684	198,384	36.4%
EBITDA	10,897	10,093	8.0%	14,787	11,395	29.8%
Net cash flows from operating activities	(10,021)	(1,018)	NMF	935	(4,389)	NMF

- **Auto Service |** The auto service business includes a car services and parts business, and a periodic technical inspection (PTI) business.
  - **Car services and parts business |** In 2Q23, revenue was up by 24.3% y-o-y to GEL 13.1 million (up 42.5% y-o-y to GEL 24.9 million in 1H23), reflecting an increase in retail, corporate and wholesale segments. Similarly, the gross profit was up by 34.5% to GEL 3.6 million in 2Q23 and up by 55.6% to GEL 6.7 million in 1H23, y-o-y. In 2Q23, operating expenses were up by 59.6% y-o-y (up by 57.6% y-o-y in 1H23), reflecting the business growth and inflation pressures. As a result, the business posted GEL 0.8 million EBITDA in 2Q23, down by 10.7% y-o-y (GEL 1.5 million in 1H23, up by 48.7% y-o-y).
  - **Periodic technical inspection (PTI) business |** PTI business's revenue was up by 24.5% y-o-y to GEL 4.5 million in 2Q23 (up by 18.5% y-o-y to GEL 9.2 million in 1H23). Revenue growth was driven by an increase in primary vehicle inspections during the quarter, further supported by the introduction of paid secondary checks in 2023 compared to the preceding periods where this service was provided free of charge. The number of total cars serviced was up by 10.8% and 4.9% y-o-y in 2Q23 and 1H23, respectively, translating into a 19.2% and 16.8% y-o-y increase in EBITDA (2Q23 and 1H23 EBITDA was GEL 2.0 and GEL 4.3 million, respectively).
- **Beverages |** The beverages business combines three business lines: a beer business, a distribution business and a wine business.
  - **Beer business |** The net revenue of the beer business increased by 12.9% y-o-y to GEL 28.2 million in 2Q23 and by 22.8% y-o-y to GEL 44.8 million in 1H23, reflecting the impact of the strong recovery in tourism and increased product prices due to higher demand. Beer and lemonade y-o-y sales (in hectolitres) were up 4.4% and 37.6%, respectively, in 2Q23 (up by 11.9% and 48.4% y-o-y in 1H23). The average 2Q23 GEL price per litre (average for beer and lemonade) increased by 8.3% y-o-y (up by 8.4% in 1H23). Consequently, the EBITDA of the business increased by 19.5% y-o-y and stood at GEL 7.9 million in 2Q23 (up 40.9% y-o-y to GEL 10.3 million in 1H23).
  - **Distribution business |** Revenue of the distribution business increased by 7.6% and 18.5% y-o-y to GEL 51.6 million and GEL 85.9 million in 2Q23 and 1H23, respectively. In 2Q23, operating expenses were up by 48.4% y-

o-y (up by 52.4% y-o-y in 1H23), reflecting the business growth and inflation. As a result, the business posted an EBITDA of GEL 3.1 million in 2Q23, down by 5.5% y-o-y (GEL 3.9 million in 1H23, up by 2.1% y-o-y).

- **Wine business |** The net revenue of the wine business was up by 44.7% to GEL 16.1 million in 2Q23 (up by 55.6% y-o-y to GEL 25.8 million in 1H23), driven by a 68.7% increase in the number of bottles sold in 2Q23 (up by 84.4% in 1H23), attributable to significant growth in exports (export share in total sales was up by 9.0ppts to 89.1% in 2Q23 and up by 6.7ppts to 87.3% in 1H23) Consequently, EBITDA increased 2.2x times to GEL 1.4 million in 2Q23 (up by GEL 1.1 million to GEL 0.6 million in 1H23).

- **Housing development and hospitality businesses** | In light of the increased sales and construction progress, 2Q23 revenue of the housing development business was up 33.2% y-o-y to GEL 59.5 million (up by 56.9% y-o-y to GEL 110.8 million in 1H23). However, 2Q23 EBITDA decreased by GEL 2.7 million y-o-y to negative GEL 2.1 million, reflecting decreased profitability of the ongoing residential projects due to the remeasurement of the construction budgets as a result of significant inflation within the construction materials (1H23 EBITDA was down by GEL 3.8 million to negative GEL 5.1 million y-o-y). The revenue of the hospitality business increased by 37.5% y-o-y in 2Q23 (up by 15.6% y-o-y in 1H23), while the hospitality business EBITDA was up by GEL 0.3 million to negative GEL 1.1 million in 2Q23 (1H23 EBITDA was up by 38.4% y-o-y to GEL 1.0 million). In 1H23, the hospitality business successfully completed the sale of two operational hotels, a vacant land plot and an under-construction hotel located in Tbilisi (the latter completed in 2Q23). The total consideration from these transaction amounts to US$ 36.4 million. The proceeds from these sales were fully utilised for deleveraging the hospitality business's balance sheet.

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.

	2Q23, *unaudited*			1H23, *unaudited*		
GEL '000, unless otherwise noted (Unaudited)	**Adjusted IFRS income statement**	**Adjustment**	**IFRS income statement**	**Adjusted IFRS income statement**	**Adjustment**	**IFRS income statement**
Dividend income	121,661	(109,661)	12,000	148,074	(136,074)	12,000
Of which, regular dividend income	81,316	(69,316)	12,000	86,503	(74,503)	12,000
Of which, buyback dividend income	40,345	(40,345)	-	61,571	(61,571)	-
Interest income	5,015	(5,015)	-	9,991	(9,991)	-
Realised/unrealised gain/(loss) on liquid funds / Gain on Eurobond buybacks	654	(654)	-	1,085	(1,085)	-
Interest expense	(13,000)	13,000	-	(26,751)	26,751	-
Gross operating income/(loss)	**114,330**	**(102,330)**	**12,000**	**132,399**	**(120,399)**	**12,000**
Operating expenses (administrative, salaries and other employee benefits)	(9,238)	9,238	-	(19,171)	19,171	-
GCAP net operating income/(loss)	**105,092**	**(93,092)**	**12,000**	**113,228**	**(101,228)**	**12,000**
Total investment return / gain on investments at fair value	**83,906**	**84,749**	**168,655**	**134,387**	**100,280**	**234,667**
Administrative expenses, salaries and other employee benefits	-	(1,337)	(1,337)	-	(3,060)	(3,060)
Income/(loss) before foreign exchange movements and non-recurring expenses	**188,998**	**(9,680)**	**179,318**	**247,615**	**(4,008)**	**243,607**
Net foreign currency gain/(loss)	(9,389)	9,432	43	12,631	(13,749)	(1,118)
Non-recurring expenses	(1,321)	1,321	-	(1,321)	1,321	-
Net income/(loss)	**178,288**	**1,073**	**179,361**	**258,925**	**(16,436)**	**242,489**

ADDITIONAL FINANCIAL INFORMATION

The 1H23 NAV Statement shows the development of NAV since 31-Dec-22:

GEL '000, unless otherwise noted *Unaudited*	Dec-22	1. Value creation[47]	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/ FX/Other	Jun-23	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	830,463	166,791	-	-	(114,408)	-	-	882,846	6.3%
Water Utility	155,000	4,000	-	-	-	-	-	159,000	2.6%
Total Listed and Observable Portfolio Value	**985,463**	**170,791**	**-**	**-**	**(114,408)**	**-**	**-**	**1,041,846**	**5.7%**
Listed and Observable Portfolio value change %		***17.3%***	***0.0%***	***0.0%***	***-11.6%***	***0.0%***	***0.0%***	***5.7%***	
Private Portfolio Companies									
Large Companies	**1,437,610**	**85,888**	**-**	**-**	**(28,479)**	**-**	**1,243**	**1,496,262**	**4.1%**
Retail (Pharmacy)	*724,517*	*18,776*	-	-	*(20,061)*	-	*273*	*723,505*	*-0.1%*
Hospitals	*433,193*	*(7,406)*	-	-	-	-	*273*	*426,060*	*-1.6%*
Insurance (P&C and Medical)	*279,900*	*74,518*	-	-	*(8,418)*	-	*697*	*346,697*	*23.9%*
Of which, P&C Insurance	*228,045*	*56,636*	-	-	*(8,418)*	-	*697*	*276,960*	*21.4%*
Of which, Medical Insurance	*51,855*	*17,882*	-	-	-	-	-	*69,737*	*34.5%*
Investment Stage Companies	**501,407**	**21,982**	**16,223**	**-**	**(5,187)**	**-**	**1,937**	**536,362**	**7.0%**
Renewable Energy	*224,987*	*20,517*	*5,718*	-	*(5,187)*	-	*1,647*	*247,682*	*10.1%*
Education	*164,242*	*9,171*	*10,505*	-	-	-	*229*	*184,147*	*12.1%*
Clinics and Diagnostics	*112,178*	*(7,706)*	-	-	-	-	*61*	*104,533*	*-6.8%*
Other Companies	**274,147**	**3,800**	**4,200**	**-**	**-**	**-**	**3,947**	**286,094**	**4.4%**
Total Private Portfolio Value	**2,213,164**	**111,670**	**20,423**	**-**	**(33,666)**	**-**	**7,127**	**2,318,718**	**4.8%**
Private Portfolio value change %		***5.0%***	***0.9%***	***0.0%***	***-1.5%***	***0.0%***	***0.3%***	***4.8%***	
Total Portfolio Value (1)	**3,198,627**	**282,461**	**20,423**	**-**	**(148,074)**	**-**	**7,127**	**3,360,564**	**5.1%**
Total Portfolio value change %		***8.8%***	***0.6%***	***0.0%***	***-4.6%***	***0.0%***	***0.2%***	***5.1%***	
Net Debt (2)	**(380,905)**	**-**	**(20,423)**	**(53,720)**	**148,074**	**(10,884)**	**(7,006)**	**(324,864)**	**-14.7%**
of which, Cash and liquid funds	*411,844*	-	*(20,423)*	*(53,720)*	*95,237*	*(10,884)*	*(20,929)*	*401,125*	*-2.6%*
of which, Loans issued	*26,830*	-	-	-	-	-	*(9,369)*	*17,461*	*-34.9%*
of which, Accrued dividend income	-	-	-	-	*52,837*	-	-	*52,837*	*0.0%*
of which, Gross Debt	*(819,579)*	-	-	-	-	-	*23,292*	*(796,287)*	*-2.8%*
Net other assets/ (liabilities) **(3)**	(331)	-	-	-	-	(8,287)	7,515	(1,103)	NMF
of which, share-based comp.	-	-	-	-	-	*(8,287)*	*8,287*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,817,391**	**282,461**	**-**	**(53,720)**	**-**	**(19,171)**	**7,636**	**3,034,597**	**7.7%**
NAV change %		***10.0%***	***0.0%***	***-1.9%***	***0.0%***	***-0.7%***	***0.3%***	***7.7%***	
Shares outstanding[47]	42,973,462	-	-	(2,142,418)	-	-	580,136	41,411,180	-3.6%
Net Asset Value per share, GEL	**65.56**	**6.57**	**0.00**	**2.13**	**0.00**	**(0.44)**	**(0.54)**	**73.28**	**11.8%**
NAV per share, GEL change %		***10.0%***	***0.0%***	***3.2%***	***0.0%***	***-0.7%***	***-0.8%***	***11.8%***	

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 96 in Georgia Capital PLC 2022 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).

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

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 the aggregate amount of total equity and borrowed funds.
9. **Loss ratio** equals net insurance claims expense divided by insurance revenue.
10. **Expense ratio** in P&C Insurance equals sum of acquisition costs and operating expenses divided by insurance revenue.
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** - Net Capital Commitment, representing an aggregated view of all confirmed, agreed and expected capital outflows at the GCAP HoldCo level.
23. **NCC Ratio** – Equals Net Capital Commitment divided by portfolio value.

Principal risks and uncertainties

Understanding our risks

In the Group's 2022 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 the Republic of Türkiye, 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 the 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, Russian troops crossed the border on 24 February 2022, and the situation escalated into a war. In response to the invasion, all G-7 countries, the EU 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 but remains depreciated compared to the pre-war period. The market value of Russian securities has also decreased significantly. As the situation grinds on, the already steep humanitarian costs and economic losses for Ukraine, Russia and the rest of the world are likely to deepen. Ukraine and Russia are particularly important trade partners of Georgia, and spillover risks remain. The length and outcome of the war are clearly uncertain, but it is possible that the negative impact of the war will become more pronounced in the medium to longer term and could continue to have a material impact on market confidence, affecting all regional countries. Various tensions have also existed between Russia and Georgia for more than 15 years, and the two countries also had a brief armed conflict in 2008, which led to Russia's control of the two breakaway territories. Finally, there has also been ongoing geopolitical tension, political instability, economic instability and military conflict between other regional countries, with the latest flare-up culminating in a six-week war (September-November 2020) between Armenia and Azerbaijan over the disputed Nagorno-Karabakh region. Despite the peace agreement, skirmishes are reported to have occurred on several occasions, most recently in September 2022. 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. While food and energy prices have been relatively stabilising since the second half of 2022, markets remain highly unpredictable in light of the ongoing conflict. 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. Despite peacekeeping efforts, tensions flared up again in September 2022, resulting in a high number of fatalities on both sides and risking another major escalation. The EU has deployed civilian monitors on the Armenian side of the border, aiming to aid in keeping the peace. The risks of a further flare-up depend on the success of the peacekeeping mission.

	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 in 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. In May 2023, Vladimir Putin signed a decree abolishing the visa regime for Georgian citizens starting May 15, 2023. In addition, the ban on direct flights to Georgia was also lifted from May 15, 2023.
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 away from the Russian market after Russia's 2006 embargo, and the Group participated in that shift. In 2022, Russia accounted for 12% 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 an 86% y-o-y increase in remittance inflows in 2022, including a fivefold increase of up to US$ 2.1 billion from Russia. Remittances increased by 32.5% in 1H23. 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 currently impossible to estimate the long-term impact of the migration effect. Whilst elevated foreign currency inflows effectively constitute rising external demand in the short run, the medium to long-term effects remains highly uncertain, depending on the timing and terms of the eventual conclusion of the war in Ukraine. 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. Merchandise exports also remain diversified, relatively insulating foreign demand from regional risks, and new destination countries have emerged as top trading partners in 2022, such as Peru, Kazakhstan and Kyrgyzstan. Armenia has emerged as the top destination country for Georgian exports in 1H23, accounting for 14.4% of total exports (7.8% in 1H22), While Russia was the largest destination country for domestically produced Georgian exports with an 18.1% share in 1H23 (12% in 1H22). 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 against regional external shocks. Enhancing linkages with the EU market will further be 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 Ukraine's plea to join the EU as it battles Russia's invasion, Georgia and Moldova on 3 March 2022 submitted their applications to join the EU. 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 Georgian parliament has begun working on adopting the Council recommendations. In February 2023, the European Commission published analytical reports assessing the stance of Georgia, Ukraine and Moldova with respect to their alignment with the EU acquis and offering guidance for the steps ahead. The report for Georgia was widely regarded as favourable, with the EU ambassador to Georgia congratulating the Government for "a very positive report".

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. On the macro-level, the country's free-floating exchange rate works well as a shock absorber, but on the micro-level, currency fluctuations have 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.
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 reversed course and appreciated to higher than pre-COVID levels by the end of 2022. On the back of elevated FX inflows and favourable macro conditions, GEL continued strengthening in 2023, appreciating by 3.1% YTD against the US dollar as of August 14, 2023. Following rate cuts in 2020 to respond to the COVID-19 shock, NBG reversed the stance and raised the monetary policy rate by 300 bps during March 2021 – April 2022 to 11%, responding to the high inflation, subsequent rising inflationary expectations and increased uncertainty. On the back of supply-side bottlenecks, rising global food, energy and commodity prices and resumed economic activity inflation peaked in January 2022 in Georgia and has begun decelerating since then. Inflation has started to reduce sharply in 2023 fallen below the target since April 2023 and was reported at 0.3% in July 2023. Considering the latest inflation downward trend, NBG has begun a gradual exit from tight monetary policy and reduced the policy rate by 50 bps in May and by 25 bps in August to 10.25%. However, due to the high domestic inflation, wage growth trends, more than expected economic growth and geopolitical uncertainty, the NBG stated that it will continue to reduce the monetary policy rate only at a slow pace. According to preliminary Government projections, the fiscal deficit fell to -3.1% of GDP in 2022, and public debt fell to under 40% of GDP, aiding disinflation on the domestic side and reducing vulnerabilities on the external side. Real GDP continued rapid growth in 2022, with the economy growing by 10.1% y-o-y in 2022 following a 10.5% expansion in 2021, finishing among top performers in the world with respect to economic growth in 2022 according to IMF and the World Bank. 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 high economic growth pace was kept also in 2023 with preliminary economic growth standing at 7.6% y-o-y in 1H23. The current Account Deficit remained low at 3.2% of GDP in 1Q23, following up on a historic low level of 4.0% in 2022. Foreign direct investments also increased substantially throughout the year, totalling US$ 2.0 billion in 2022, up by 61% y-o-y. In 1Q23 FDI amounted to US$ 497 million, down by 13.7% y-o-y. As a result of the improved macroeconomic environment, Fitch Ratings revised Georgia's sovereign credit rating outlook to positive from stable in January 2023 and reaffirmed the positive outlook in July 2023, citing "extremely strong economic recovery, sound macro-policy and record of fiscal prudence". A new three-year executive stand-by arrangement worth US$ 280 million was approved by the IMF in June 2022, focusing on structural reforms and anchoring macroeconomic policy.

MITIGATION	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, in 2021 the deficit improved to 10.4% of GDP and in 2022 reached a record low of -4.0% of GDP, including a record high 5.7% surplus in 3Q22, as external inflows have accelerated significantly, with the migration effect supplementing higher external demand from neighbour countries. In 1Q23 the current account deficit reduced to 3.2% of GDP. Major sources of financing the current account deficit are remittance inflows (up 32.5% y-o-y in 1H23), merchandise exports (up 19.3% y-o-y), and tourism revenues (up 58% y-oy in 1H23,124% of respective 1H19 levels). The National Bank of Georgia (NBG) bought a net US$ 1.6 bln in January 2022 - June 2023, taking advantage of surging FX inflows. Subsequently, official reserve assets reached record-high levels in 2023 and amounted to US$ 5.1 billion in June 2023, up 29% y-o-y. 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 and auto service. 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 57, there were 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 enable 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 may arise from 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 and a 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 on 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 Board for approval. The Board 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 Board 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. Since the adaption of the capital management framework and introduction of the NCC navigation tool in May 2022, the Group's primary emphasis has centred around deleveraging. This strategic approach has resulted in a significant reduction in the Group's liquidity risk. As outlined on page 2, in August 2023, Georgia Capital successfully issued US$ 150 million sustainability-linked bonds. The proceeds from the transaction, together with existing liquid funds of GCAP, are being utilised to fully redeem the existing US$ 300 million Eurobonds out of which US$ 283.4 million have already been repurchased and cancelled. As for the remaining US$ 16.6 million Eurobonds, GCAP exercised the right of the optional redemption at a "make whole" price, with the redemption of all of the outstanding Eurobonds expected on 4 September 2023. Following the planned cancellation and repayment of the outstanding Eurobonds, GCAP's gross debt balance will decrease to US$ 150 million. Overall, since the introduction of the Net Capital Commitment concept in 1Q22, the NCC ratio has decreased significantly, from 28.2% at 31-Mar-22 to 17.4% at 30-Jun-23. Going forward, the Group targets to bring down the NCC ratio below 15% by December 2025. The deleveraging strategy was also implemented across our private portfolio companies, where individual leverage targets have been developed. GCAP's latest corporate credit ratings are B1/Positive by Moody's and B+/CreditWatch positive by S&P.
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 (60.5% 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. Our acquisition history has also been successful, and we have been able to integrate businesses due to our strong management with integration experience. In 2022, GCAP successfully completed 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 as set out on page 12 of the Group's 2022 Annual Report.

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

Massimo Gesua' sive Salvadori

Maria Chatti-Gautier

Neil Janin

By order of the Board

Irakli Gilauri

Chairman & Chief Executive Officer

14 August 2023

Georgia Capital PLC Unaudited Interim Condensed Financial Statements

30 June 2023

CONTENTS

INTERIM CONDENSED FINANCIAL STATEMENTS

SELECTED EXPLANATORY NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Thousands of Georgian Lari)

	Note	*30 June 2023 (unaudited)*	*31 December 2022*
Assets			
Cash and cash equivalents*		5,388	23,361
Prepayments		1,020	363
Equity investments at fair value	5	3,029,727	2,795,060
Total assets		**3,036,135**	**2,818,784**
Liabilities			
Other liabilities		1,538	1,393
Total liabilities		**1,538**	**1,393**
Equity			
Share capital	6	1,441	1,473
Additional paid-in capital and merger reserve		238,311	238,311
Retained earnings		2,794,845	2,577,607
Total equity		**3,034,597**	**2,817,391**
Total liabilities and equity		**3,036,135**	**2,818,784**

**As at 30 June 2023 and 31 December 2022 cash and cash equivalents consist of current accounts with credit institutions.*

The Company's distributable reserves as at 30 June 2023 were GEL 1,210,423 (31 December 2022: 1,227,852).

The financial statements on page 38 to 60 were approved by the Board of Directors on 14 August and signed on its behalf by:

Irakli Gilauri Chief Executive Officer

14 August 2023

Georgia Capital PLC
Registered No. 10852406

The accompanying notes on pages 42 to 60 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 2023

(Thousands of Georgian Lari)

	Note	*30 June 2023 (unaudited)*	*30 June 2022 (unaudited)*
Gains/(losses) on investments at fair value	5	234,667	(501,249)
Dividend income	5	12,000	-
Gross investment profit /(loss)		**246,667**	**(501,249)**
Administrative expenses		(1,938)	(2,436)
Salaries and other employee benefits		(1,122)	(1,348)
Profit/(loss) before foreign exchange and non-recurring items		**243,607**	**(505,033)**
Net foreign currency loss		(1,118)	(3,929)
Non-recurring expense		-	(129)
Profit/(loss) before income taxes		**242,489**	**(509,091)**
Income tax		-	-
Profit/(loss) for the period		**242,489**	**(509,091)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		**242,489**	**(509,091)**
Earnings/(Loss) per share (GEL):	6		
– basic		6.0596	(11.8388)
– diluted		5.9337	(11.8388)

The accompanying notes on pages 42 to 60 are an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(Thousands of Georgian Lari)

	Share capital	Additional paid-in capital and merger reserve	Treasury Shares	Retained earnings	Total
1 January 2023	**1,473**	**238,311**	**-**	**2,577,607**	**2,817,391**
Profit for the period	-	-	-	242,489	242,489
Total comprehensive income for the period	**-**	**-**	**-**	**242,489**	**242,489**
Increase in equity arising from share-based payments	-	-	-	271	271
Cancellation of shares (Note 6)	(32)	-	32	-	-
Purchase of treasury shares (Note 6)	-	-	(32)	(25,522)	(25,554)
30 June 2023 (unaudited)	**1,441**	**238,311**	**-**	**2,794,845**	**3,034,597**

	Share capital	Additional paid-in capital and merger reserve	Treasury Shares	Retained earnings	Total
1 January 2022	**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**

The accompanying notes on pages 42 to 60 are an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(Thousands of Georgian Lari)

	Note	*30 June 2023 (unaudited)*	*30 June 2022 (unaudited)*
Cash flows from operating activities			
Salaries and other employee benefits paid		(851)	(1,117)
General, administrative and operating expenses paid		(1,859)	(1,319)
Net other expense paid		(667)	(3,065)
Net cash flows used in operating activities before income tax		**(3,377)**	**(5,501)**
Income tax paid		-	-
Net Cash flows used in operating activities		**(3,377)**	**(5,501)**
Cash flows from investing activities			
Capital redemption from subsidiary	5	-	77,095
Dividends received	5	12,000	-
Cash flows from investing activities		**12,000**	**77,095**
Cash flows from financing activities			
Other purchases of treasury shares	6	(25,351)	(41,946)
Acquisition of treasury shares under share-based payment plan	6	(203)	(247)
Net cash used in financing activities		**(25,554)**	**(42,193)**
Effect of exchange rates changes on cash and cash equivalents		(1,042)	(4,369)
Net (decrease)/ increase in cash and cash equivalents		**(17,973)**	**25,032**
Cash and cash equivalents, beginning of the period		**23,361**	**7,200**
Cash and cash equivalents, end of the period		**5,388**	**32,232**

The accompanying notes on pages 42 to 60 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 19.8% 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 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 42 Brook Street, London W1K 5DB, England, United Kingdom.

As at 30 June 2023 and 31 December 2022, 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 2023 (unaudited)***	***31 December 2022***
Gemsstock Ltd	11%	11%
Allan Gray Ltd	7%	7%
Others	82%	82%
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.

References to the Group are applied in these financial statements in the context of going concern assessment, segment, fair valuation and risk management disclosures.

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 2022, which have been prepared in accordance with UK-adopted international accounting standards ("IFRS"), were approved by the Board on 23 March 2023 and delivered to the Registrar of Companies.

The interim condensed financial statements are unaudited and have not been 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 2022. 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 2023 and had no material impact on the Company's condensed interim financial statements:

IFRS 17 Insurance contracts
Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12 Income Taxes – Deferred Tax Assets and Liabilities related to Pillar Two Income Taxes

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

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
Amendments to IAS 1 Presentation of Financial Statements – Classification of debt with covenants
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments – Disclosures: Supplier Finance Arrangements
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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. GCAP does not hold voting rights in BOG.
Water Utility - the Company has a 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, retail (pharmacy), and insurance businesses.

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

Investment stage portfolio companies segment:

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

Clinics & Diagnostics business consists of clinics, providing outpatient and basic inpatient services, polyclinics providing outpatient diagnostic and treatment services, and diagnostics business, operating the largest laboratory in the entire Caucasus region.
Renewable energy business principally operates three wholly owned commissioned renewable 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, Beverages and Auto Service 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.

(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 2023 and the roll-forward from 31 December 2022:

NAV Statement	*31 December 2022*	*1.Value Creation*	*2a. Investments & Divestments*	*2b. Buybacks*	*2c. Dividends*	*3.Operating Expenses*	*4. Liquidity Management/ FX / Other*	*30 June 2023 (unaudited)*
Listed and Observable Portfolio Companies	**985,463**	**170,791**	**-**	**-**	**(114,408)**	**-**	**-**	**1,041,846**
BoG	830,463	166,791	-	-	(114,408)*	-	-	882,846
Water Utility	155,000	4,000	-	-	-	-	-	159,000
Private Portfolio Companies	**2,213,164**	**111,670**	**20,423**	**-**	**(33,666)**	**-**	**7,127**	**2,318,718**
Large Portfolio Companies	**1,437,610**	**85,888**	-	**-**	**(28,479)**	**-**	**1,243**	**1,496,262**
Retail (Pharmacy)	724,517	18,776	-	-	(20,061)	-	273	723,505
Hospitals	433,193	(7,406)	-	-	-	-	273	426,060
Insurance (P&C and Medical)	279,900	74,518	-	-	(8,418)	-	697	346,697
Of which, P&C Insurance	228,045	56,636	-	-	(8,418)	-	697	276,960
Of which, Health Insurance	51,855	17,882	-	-	-	-	-	69,737
Investment Stage Portfolio Companies	**501,407**	**21,982**	**16,223**	**-**	**(5,187)**	**-**	**1,937**	**536,362**
Clinics and diagnostics	112,178	(7,706)	-	-	-	-	61	104,533
Renewable energy	224,987	20,517	5,718	-	(5,187)	-	1,647	247,682
Education	164,242	9,171	10,505	-	-	-	229	184,147
Other Portfolio Companies	**274,147**	**3,800**	**4,200**	**-**	**-**	**-**	**3,947**	**286,094**
Total Portfolio Value	**3,198,627**	**282,461**	**20,423**	**-**	**(148,074)**	**-**	**7,127**	**3,360,564**
Net Debt	**(380,905)**	**-**	**(20,423)**	**(53,720)**	**148,074**	**(10,884)**	**(7,006)**	**(324,864)**
of which, Cash and liquid funds	411,844	-	(20,423)	(53,720)	95,237	(10,884)	(20,929)	401,125
of which, Loans issued	26,830	-	-	-	-	-	(9,369)	17,461
of which, Dividend receivable	-	-	-	-	52,837	-	-	52,837
of which, Gross Debt	(819,579)	-	-	-	-	-	23,292	(796,287)
Net other assets/ (liabilities)	(331)	-	-	-	-	(8,287)	7,515	(1,103)
Net Asset Value	**2,817,391**	**282,461**	**-**	**53,720**	**-**	**(19,171)**	**7,636**	**3,034,597**

* In segment information, dividend income includes consideration received as a result of participation in BoG buyback programme.

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents the NAV statement of the Group's operating segments at 30 June 2022 and the roll forward from 31 December 2021:

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 (unaudited)*
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**

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.

2. 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 2023 (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	5,388	157,694	-	163,082	(163,082)	-
Marketable securities	-	3,940	-	3,940	(3,940)	-
Investment in redeemable securities	-	12,789	-	12,789	(12,789)	-
Prepayments	1,020	-	-	1,020	(1,020)	-
Loans issued	-	17,461	-	17,461	(17,461)	-
Other assets, net	-	55,958	-	55,958	(55,958)	-
Equity investments at fair value	3,029,727	3,360,564	(3,029,727)	3,360,564	-	3,360,564
Total assets	**3,036,135**	**3,608,406**	**(3,029,727)**	**3,614,814**	**(254,250)**	**3,360,564**
Debt securities issued	-	574,974	-	574,974	(574,974)	-
Other liabilities	1,538	3,705	-	5,243	(5,243)	-
Total liabilities	**1,538**	**578,679**	**-**	**580,217**	**(580,217)**	**-**
Net Debt	-	-	-	-	(324,864)	(324,864)
of which, Cash and liquid funds	-	-	-	-	*401,125*	*401,125*
of which, Loans issued	-	-	-	-	*17,461*	*17,461*
of which, Dividend receivable					*52,837*	*52,837*
of which, Gross Debt	-	-	-	-	*(796,287)*	*(796,287)*
Net other assets/ (liabilities)	-	-	-	-	(1,103)	(1,103)
Total equity/NAV	**3,034,597**	**3,029,727**	**(3,029,727)**	**3,034,597**	**-**	**3,034,597**

	30 June 2022 (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	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**

** 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 2023 (unaudited):

		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***
Gains on investments at fair value	56,383	57,409	16,795	3,800	-	134,387	128,714	(28,434)	234,667
Listed and observable Investments	56,383	-	-	-	-	*56,383*	*(56,383)*	-	-
Private Investments	-	*57,409*	16,795	3,800	-	*78,004*	*185,097*	*(28,434)*	*234,667*
Dividend income	*114,408*	28,479	5,187	-	-	148,074	(148,074)	12,000	12,000
Interest income	-	-	-	-	9,991	9,991	(9,991)	-	-
Gain on liquid funds	-	-	-	-	1,085	1,085	(1,085)	-	-
Gross investment profit	**170,791**	**85,888**	**21,982**	**3,800**	**11,076**	**293,537**	**(30,436)**	**(16,434)**	**246,667**
Administrative expenses	-	-	-	-	(5,528)	(5,528)	3,590	-	(1,938)
Salaries and other employee benefits	-	-	-	-	(13,643)	(13,643)	12,521	-	(1,122)
Interest expense	-	-	-	-	(26,751)	(26,751)	26,751	-	-
Profit/(loss) before provisions, foreign exchange and non-recurring items	**170,791**	**85,888**	**21,982**	**3,800**	**(34,846)**	**247,615**	**12,426**	**(16,434)**	**243,607**
Expected credit loss	-	-	-	-	(41)	(41)	41	-	-
Net foreign currency gain	-	-	-	-	12,670	12,670	(13,788)	-	(1,118)
Non-recurring expense	-	-	-	-	(1,321)	(1,321)	1,321	-	-
Profit/(loss) before income taxes	**170,791**	**85,888**	**21,982**	**3,800**	**(23,538)**	**258,923**	**-**	**(16,434))**	**242,489**
Income tax	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	**170,791**	**85,888**	**21,982**	**3,800**	**(23,538)**	**258,923**	**-**	**(16,434)**	**242,489**

(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):

		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)

5. Equity Investments at Fair Value

	30 June 2023 (unaudited)	*31 December 2022*
Subsidiaries (Note 7)	3,029,727	2,795,060
Equity Investments at Fair Value	**3,029,727**	**2,795,060**

	2023	*2022*
At 1 January	**2,795,060**	**2,881,373**
Fair Value gain and dividend income	246,667	(501,249)
Capital redemption*	-	(77,095)
Dividend income**	(12,000)	-
At 30 June (unaudited)	**3,029,727**	**2,303,029**

* During six months ended 30 June 2022 JSC Georgia Capital made a capital reduction to its 100% shareholder with total consideration of GEL 77,095 of which cash consideration GEL 77,095.
** During six months ended 30 June 2023 JSC Georgia Capital paid dividend to its 100% shareholder in the amount of GEL 12,000 (30 June 2022: GEL nil).

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 2023 issued share capital comprised 43,827,862 authorised common shares (30 June 2022: 45,693,708), of which 43,827,862 (30 June 2022: 45,693,708) were fully paid. Each share has a nominal value of one British penny. Shares issued and outstanding as at 30 June 2023 and 30 June 2022 are described below:

	Number of shares Ordinary	*Amount*
1 January 2023	**44,827,862**	**1,473**
Cancellation of shares	(1,000,000)	(32)
30 June 2023 (unaudited)	**43,827,862**	**1,441**

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

(Thousands of Georgian Lari)

6. Equity (continued)

Treasury Shares

During six months ended 30 June 2023, the Company paid cash consideration of GEL 25,554 (30 June 2022: GEL 42,193) for acquisition of treasury shares, of which GEL 203 (30 June 2022: GEL 247) was related to shares acquired for settlement of employee share-based payments and GEL 25,351 (30 June 2022: GEL 41,946) were other acquisitions made by the Company, including those under the share buyback programme.

During the six months ended 30 June 2023 1,000,000 treasury shares bought back under the Buyback Program were cancelled (30 June 2022: 1,386,495).

Earnings/(loss) per share

	30 June 2023 (unaudited)	*30 June 2022 (unaudited)*
Basic earnings per share		
Profit/(loss) for the period attributable to ordinary shareholders of the parent	242,489	(509,091)
Weighted average number of ordinary shares outstanding during the year	40,017,308	43,001,913
Earnings/(loss) per share	6.0596	(11.8388)
Diluted earnings per share		
Profit/(loss) for the period attributable to ordinary shareholders of the Group	242,489	(509,091)
Weighted average number of diluted ordinary shares outstanding during the year	40,866,075	43,001,913
Diluted earnings/(loss) per share	5.9337	(11.8388)

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 2023 (unaudited)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Equity investments at fair value	-	-	3,029,727	3,029,727

31 December 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Equity investments at fair value	-	-	2,795,060	2,795,060

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

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

Valuation techniques (continued)

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.

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. 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 2023 and 31 December 2022 is as follows:

	30 June 2023 (unaudited)	*31 December 2022*
Assets		
Cash and cash equivalents	157,694	199,771
Amounts due from credit institutions	-	16,278
Marketable securities	3,940	25,445
Investment in redeemable securities	12,789	12,631
Accounts receivable	52,594	-
Equity investments at fair value	3,360,564	3,198,627
Of which listed and observable investments	***1,041,846***	***985,463***
BOG	*882,846*	*830,463*
Water utility	*159,000*	*155,000*
Of which private investments:	***2,318,718***	***2,213,164***
Large portfolio companies	***1,496,262***	***1,437,610***
Retail (Pharmacy)	*723,505*	*724,517*
Hospitals	*426,060*	*433,193*
P&C insurance	*276,960*	*228,045*
Medical insurance	*69,737*	*51,855*
Investment stage portfolio companies	***536,362***	***501,407***
Clinics and diagnostics	*104,533*	*112,178*
Renewable energy	*247,682*	*224,987*
Education	*184,147*	*164,242*
Other portfolio companies	***286,094***	***274,147***
Loans issued	17,461	26,830
Other assets	3,364	2,351
Total assets	**3,608,406**	**3,481,933**
Liabilities		
Debt securities issued	574,974	681,067
Other liabilities	3,705	5,806
Total liabilities	**578,679**	**686,873**
Net Asset Value	**3,029,727**	**2,795,060**

7. Fair Value Measurement (continued)

Valuation techniques (continued)

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 described below for the other portfolio companies). The different valuation approaches are weighted to derive a fair value range, with the income approach being more heavily weighted than the market approach. Management selects what is considered to be the most appropriate point in the provided fair value range at the reporting date.

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

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

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

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

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

7. Fair Value Measurement (continued)

Valuation techniques (continued)

and regulatory factors, growth prospects (higher growth rate) and risk profiles. Some peer-group companies' multiples may be more heavily weighted during valuation if their characteristics are closer to those of the company being valued than others.

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

a. Valuation based on enterprise value

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

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

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

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

b. Equity fair value valuation

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

Discounted cash flow

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

Net Asset Value

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

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.

7. Fair Value Measurement (continued)

Valuation techniques (continued)

Exit price

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

Validation

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

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

Valuation process for Level 3 valuations

Georgia Capital hired third-party valuation professionals to assess fair value of the large private portfolio companies as at 30 June 2023 and 31 December 2022. 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 2023 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 2023 was consistent with the Company's valuation process and policy.

Management analyses the impact of climate change on the valuations, such as by incorporation of known effects of climate risks to the future cash flow forecasts or through adjusting peer multiples the known differences in the climate risk exposure as compared to the investment being fair valued. As at 30 June 2023, the management concluded that the effects of the climate risks are reflected in the peer multiples and discount rates used in the valuations and that no specific adjustments are required in relation of the Group's investment portfolio measurement and respective fair value sensitivity disclosures.

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

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

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

30 June 2023 (unaudited)

Description	*Valuation technique*	*Unobservable input*	*Range [selected input]*	*Fair value*
Loans Issued	DCF	Discount rate	5.5%-16.5%	*17,461*
Equity investments at fair value				
Large portfolio				*1,496,262*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	5.6x-24.0x [9.2x]	*723,505*
Hospitals	*DCF, EV/EBITDA*	EV/EBITDA multiple	7.1x-15.9x [12.9x]	*426,060*
P&C insurance	*DCF, P/E*	P/E multiple	4.7x-26.1x [10.1x]	*276,960*
Medical insurance	*DCF, P/E*	P/E multiple	5.9x-10.3x [10.4x]	*69,737*
Investment stage				*536,362*
Clinics and diagnostics	*DCF, EV/EBITDA*	EV/EBITDA multiple	9.5x-15.9x [18.8x]	*104,533*
Renewable energy	DCF, EV/EBITDA	EV/EBITDA multiple	2.3x-17.7x [9.5x]	*247,682*
Education	DCF, EV/EBITDA	EV/EBITDA multiple	7.0x-54.0x [16.3x]	*184,147*
Other	Sum of the parts	EV/EBITDA multiples Cashflow probability NAV multiple	1.9x-14.5x [6.5x-8.0x] [90%-100%] [1.0 x]	*286,094*

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

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

31 December 2022

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

Georgia Capital hired third-party valuation professionals to assess fair value of the large and investment stage private portfolio companies as at 30 June 2023 and 31 December 2022 including Retail (Pharmacy), Hospitals, P&C insurance, Medical Insurance, Clinics and Diagnostics. Starting from 30 June 2022, fair value assessment for Renewable Energy and Education businesses are performed by third-party valuation professionals as well. The valuation is performed by applying several valuation methods that are weighted to derive fair value range, with the income approach being more heavily weighted than market approach. Management selects most appropriate point in the provided fair value range at the reporting date.

On 31 December 2021, Georgia Capital signed a SPA to dispose 80% interest in Water Utility business, which was previously included within the large private portfolio companies As at 30 June 2023 the remaining 20% interest in Water Utility business was valued using the pre-agreed put option multiple in reference to the signed contract with the buyer as GCAP has a clear exit path from the business through a put and call structure at pre-agreed EBITDA multiples.

During 2022, 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 during 2022 and reduced listed peer multiples and were reflected accordingly in the private portfolio companies' valuations, where applicable. As for 2023, no further major movements were observed on the markets in terms of peer multiples or discount rates. Management continues the impact assessment and will update the valuation inputs accordingly going forward.

As at 30 June 2023, 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 (c. USD 21 million in total) should be paid. The new decision of the First Instance Court was appealed and the case is at the stage of consideration at the Appellate Court.

(Thousands of Georgian Lari)

7. Fair Value Measurement (continued)

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

Defendants are confident that they will prevail and there have not been made a provision for a potential liability in their financial statements. Management shares Defendants' assessment of the merits of the case and considers that the probability of incurring losses on this claim is low, accordingly, fair values of portfolio companies do not take into account a potential liability in relation to this litigation.

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

In order to determine reasonably possible alternative assumptions the 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 equity investments as at 30 June 2023 decreased by 1.1-3.3 percentage points (31 December 2022 decreased by 1.1-3.3 percentage points), the amount of loans issued would have decreased by GEL 156 or 0.9% (31 December 2022: decreased by GEL 150 or 0.6%). If the interest rates increased by 1.1-3.3 percentage points (31 December 2022 increased by 1.1-3.3 percentage points) then loans issued would have increased by GEL 155 or 0.9% (31 December 2022: increased by GEL 148 or 0.6%).

If the listed peer multiples used in the market approach to value unquoted investments as at 30 June 2023 decreased by 10% (31 December 2022: 10%), value of equity investments at fair value would decrease by GEL 75 million or 2% (31 December 2022: GEL 71 million or 2%). If the multiple increased by 10% (31 December 2022: 10%) then the equity investments at fair value would increase by GEL 75 million or 2% (31 December 2020: GEL 71 million or 2%).

If the discount rates used in the income approach to value unquoted investments decreased by 50 basis points (31 December 2022: 50 basis points), the value of equity investments at fair value would increase by GEL 81 million or 2% (31 December 2022: GEL 75 million or 2%). If the discount rates increased by 50 basis points (31 December 2022: 50 basis points) then the equity investments at fair value would decrease by GEL 84 million or 3% (GEL 71 million or 2%). If the discount rate decreased by 100 basis points, the value of equity investments at fair value would increase by GEL 171 million or 5% (31 December 2022: GEL 155 million or 5%). If the discount rate increased by 100 basis points then the equity investments at fair value would decrease by GEL 158 million or 5% (31 December 2022: GEL 138 million or 4%).

If the multiple used to value unquoted investments valued on NAV and recent transaction price basis as at 30 June 2023 decreased by 10% (31 December 2022: 10%), value of equity investments at fair value would decrease by GEL 10 million or 0.3% (31 December 2022: GEL 11 million or 0.3%). If the multiple increased by 10% then the equity investments at fair value would increase by GEL 10 million or 0.3% (31 December 2022: GEL 11 million or 0.3%).

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

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 2022	***Fair Value gain***	***Capital redemption***	***Capital increase***	***At 31 December 2022***	***Fair Value gain***	***Capital redemption***	***Dividend Income***	***At 30 June 2023 (unaudited)***
Level 3 financial assets									
Equity investments at fair value (Note 5)	2,881,373	925	(87,238)	-	2,795,060	246,667	-	(12,000)	3,029,727

(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 2023 (unaudited)		
	Less than 1 Year	***More than 1 Year***	***Total***
Cash and cash equivalents	5,388	-	5,388
Equity investments at fair value	-	3,029,727	3,029,727
Prepayments	1,020	-	1,020
Total assets	**6,408**	**3,029,727**	**3,036,135**
Other liabilities	1,538	-	1,538
Total liabilities	**1,538**	**-**	**1,538**
Net	**4,870**	**3,029,727**	**3,034,597**

	31 December 2022		
	Less than 1 Year	***More than 1 Year***	***Total***
Cash and cash equivalents	23,361	-	23,361
Equity investments at fair value	-	2,795,060	2,795,060
Prepayments	363	-	363
Total assets	**23,724**	**2,795,060**	**2,818,784**
Other liabilities	1,393	-	1,393
Total liabilities	**1,393**	**-**	**1,393**
Net	**22,331**	**2,795,060**	**2,817,391**

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 2023 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 2023 (unaudited)	**30 June 2022 (unaudited)**
Salaries and other benefits	(485)	(603)
Share-based payments compensation	(271)	(223)
Total key management compensation	**(756)**	**(826)**

9. Related Party Disclosures (continued)

Key management personnel do not receive cash settled compensation, except for fixed salaries. The number of key management personnel for the six months ended 30 June 2023 was 7 (30 June 2022: 8).

10. Events after the Reporting Period

Issuance of Eurobonds

On 3 August 2023 JSC Georgia Capital ("JSC GCAP"), a 100% subsidiary of Georgia Capital PLC, has successfully issued a USD 150 million sustainability-linked bond (the "Notes") on the Georgian market. The Notes are USD-denominated with 5-year bullet maturity (callable after two years), carry an 8.50% fixed coupon and were issued at par. The proceeds from the Notes, together with the existing liquid funds of GCAP, will be used to fully redeem the existing USD 300 million Eurobond. As a result, GCAP's gross debt balance will decrease from the current USD 300 million to USD 150 million.

Tender Offer to purchase USD 300 million Notes

On 12 July 2023 JSC Georgia Capital, ("**JSC GCAP**"), a 100% subsidiary of Georgia Capital PLC, launched an invitation to holders (the "Noteholders") of its outstanding USD 300 million 6.125% notes due 2024 (the "Notes"), to tender their Notes for purchase by the Issuer for cash (the "Tender Offer"). As a result of the Tender Offer, in aggregate USD 176.5 million principal amount of Notes were accepted.

On 10 August JSC Georgia Capital canceled USD 176.5 million principal amount of the Notes purchased as a result of Tender offer and USD 106.9 million principal amount of Notes owned by the JSC GCAP in treasury (of which USD 23.5 million principal amount of Notes were purchased subsequent to reporting date). Following settlement of the Tender Offer and the cancellation of USD 283.4 million in aggregate principal amount of the Notes, USD 16.6 million Notes will remain outstanding which is expected to be redeemed according to the optional redemption at make whole.

Dividend receipt

On 20 July 2023 JSC Georgia Capital ("JSC GCAP"), a 100% subsidiary of Georgia Capital PLC, received a dividend in the amount of GEL 20.2 million from Retail Pharmacy business.

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 the initial investment.

Georgia Capital currently has the following portfolio businesses: **(1) a retail (pharmacy) business, (2) a hospitals business, (3) an insurance business (P&C and medical insurance); (4) a renewable energy business (hydro and wind assets), (5) an education business; and (6) a clinics and diagnostics business.** Georgia Capital also holds other small private businesses across different industries in Georgia; a 20.0% equity stake in the **water utility business** and a 19.8% equity stake (at 30-Jun-23) in LSE premium-listed **Bank of Georgia Group PLC ("BoG")**, a leading universal bank in Georgia.

COMPANY INFORMATION

Georgia Capital PLC

Registered Address
42 Brook Street
London W1K 5DB
United Kingdom
www.georgiacapital.ge
Registered under number 10852406 in England and Wales

Stock Listing
London Stock Exchange PLC's Main Market for listed securities
Ticker: "CGEO.LN"

Contact Information
Georgia Capital PLC Investor Relations
Telephone: +44 (0) 203 178 4052; +995 322 000000
E-mail: ir@gcap.ge

Auditors
PricewaterhouseCoopers LLP ("PwC")
Atria One, 144 Morrison Street,
Edinburgh EH3 8EX
United Kingdom

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS13 8AE
United Kingdom

Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.
Investor Centre Web Address - www.investorcentre.co.uk.
Investor Centre Shareholder Helpline - +44 (0) 370 873 5866

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