GEORGIA CAPITAL

12 August 2024

JSC Georgia Capital
Statement of Responsible Persons

We confirm that the non-audited interim condensed consolidated financial statements prepared in accordance with relevant International Financial Reporting Standards (IFRS) and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing fully, correctly and fairly reflect the assets, liabilities, financial position and profit and loss of JSC Georgia Capital and the interim management report fairly and comprehensively reviews the development, results and condition of the activities as well as a description of the main existing risks for the six months ended 30 June 2024.

Irakli Gilauri

JSC Georgia Capital
Chief Executive Officer

David Morrison

JSC Georgia Capital
Chairperson of Supervisory Board

JSC Georgia Capital Unaudited Interim Condensed Consolidated Financial Statements

30 June 2024

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To the Shareholder and Management of JSC Georgia Capital

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC Georgia Capital and its subsidiaries (together – the "Group") as at 30 June 2024 and the related interim condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers Georgia LLC

PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Lasha Janelidze (Reg.#SARAS-A-562091)

12 August 2024
Tbilisi, Georgia

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Thousands of Georgian Lari)

	Note	*30 June 2024 (unaudited)*	*31 December 2023*
Assets			
Cash and cash equivalents	5	40,955	51,138
Amounts due from credit institutions	6	-	8,678
Marketable securities	7	28,213	18,203
Investment in redeemable securities	7	-	14,068
Accounts receivable	9	3,728	3,274
Prepayments		1,655	923
Loans issued	8	11,404	9,212
Property and equipment		311	340
Intangible assets		46	67
Other assets		964	456
Equity investments at fair value	9	3,492,000	3,671,945
Total assets		**3,579,276**	**3,778,304**
Liabilities			
Accounts payable		2,641	888
Debt securities issued	10	432,638	413,930
Other liabilities		2,390	75
Total liabilities		**437,669**	**414,893**
Equity			
Share capital	11	12,877	12,877
Additional paid-in capital		519,944	516,806
Treasury shares	11	(961)	(980)
Other reserves		(794)	(311)
Retained earnings		2,610,541	2,835,019
Total equity		**3,141,607**	**3,363,411**
Total liabilities and equity		**3,579,276**	**3,778,304**

Signed and authorised for release by:

David Morrison Chairperson of Supervisory Board

Irakli Gilauri Chief Executive Officer

Giorgi Alpaidze Chief Financial Officer

12 August 2024

The accompanying notes on pages 6 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Thousands of Georgian Lari)

	Note	*30 June 2024 (unaudited)*	*31 December 2023*
Assets			
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Signed and authorised for release by:

David Morrison — Chairperson of Supervisory Board

Irakli Gilauri — Chief Executive Officer

Giorgi Alpaidze — Chief Financial Officer

12 August 2024

The accompanying notes on pages 6 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

(Thousands of Georgian Lari)

	Note	*30 June 2024 (unaudited)*	*30 June 2023 (unaudited)*
(Losses)/gains on investments at fair value	9	(164,953)	195,958
Listed and Observable Investments		*65,899*	*117,954*
Of which:			
Sale consideration from disposal of listed shares		*25,932*	*61,571*
Disposal of listed shares		*(21,060)*	*(57,278)*
Private Investments		*(230,852)*	*78,004*
Dividend income	9	24,375	86,503
Interest income at effective interest rate method		2,110	2,341
Other interest income		1,210	1,878
(Loss)/gain on derecognition of liability		(63)	524
Net (losses)/gains from investment securities measured at FVPL		(344)	505
Net realised gains/(losses) from investment securities measured at FVOCI		42	(164)
Other income		13	-
Gross investment (loss)/profit		**(137,610)**	**287,545**
Salaries and other employee benefits		(11,831)	(12,521)
Depreciation and amortisation		(273)	(300)
Other administrative expenses		(3,400)	(3,290)
Interest expense	10	(17,579)	(20,405)
(Loss)/profit before provisions, foreign exchange and non-recurring items		**(170,693)**	**251,029**
Expected credit loss charge		(3,378)	(41)
Net foreign currency (loss)/gain		(15,909)	8,708
Gain on derivative financial assets		11	4,507
Non-recurring expense		(1,668)	(1,321)
(Loss)/profit before income taxes		**(191,637)**	**262,882**
Income tax		-	-
(Loss)/profit for the period		**(191,637)**	**262,882**

The accompanying notes on pages 6 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Thousands of Georgian Lari)

	Note	*30 June 2024 (unaudited)*	*30 June 2023 (unaudited)*
(Loss)/profit for the period		**(191,637)**	**262,882**
Other comprehensive (loss)/income			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Changes in the fair value of debt instruments at FVOCI		(441)	384
Realised gain on financial assets measured at FVOCI reclassified to the consolidated income statement		(42)	(164)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		**(483)**	**220**
Other comprehensive (loss)/income for the period, net of tax		**(483)**	**220**
Total comprehensive (loss)/income for the period		**(192,120)**	**263,102**

The accompanying notes on pages 6 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Other reserves*	*Retained earnings*	*Total*
1 January 2024	**12,877**	**516,806**	**(980)**	**(311)**	**2,835,019**	**3,363,411**
Loss for the period	-	-	-	-	(191,637)	(191,637)
Other comprehensive loss for the period	-	-	-	(483)	-	(483)
Total comprehensive loss for the period	**-**	**-**	**-**	**(483)**	**(191,637)**	**(192,120)**
Increase in equity arising from share-based payments	-	12,485	-	-	-	12,485
Dividend paid to the shareholder (Note 14)*	-	-	-	-	(32,841)	(32,841)
Acquisition of treasury shares under share-based payment plan (Note 11)	-	(9,347)	19	-	-	(9,328)
30 June 2024 (unaudited)	**12,877**	**519,944**	**(961)**	**(794)**	**2,610,541**	**3,141,607**

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Other reserves*	*Retained earnings*	*Total*
1 January 2023	**12,877**	**523,760**	**(960)**	**(439)**	**2,259,822**	**2,795,060**
Profit for the period	-	-	-	-	262,882	262,882
Other comprehensive income for the period	-	-	-	220	-	220
Total comprehensive income for the period	**-**	**-**	**-**	**220**	**262,882**	**263,102**
Increase in equity arising from share-based payments	-	15,215	-	-	-	15,215
Dividend paid to the shareholder (Note 14)*	-	-	-	-	(12,000)	(12,000)
Acquisition of treasury shares under share-based payment plan (Note 11)	-	(31,629)	(21)	-	-	(31,650)
30 June 2023 (unaudited)	**12,877**	**507,346**	**(981)**	**(219)**	**2,510,704**	**3,029,727**

** During six months ended 30 June 2024 JSC Georgia Capital paid dividend of GEL 32,841 to its 100% shareholder, GCAP PLC GEL 2.7275 per share (30 June 2023: GEL 12,000, GEL 0.9966 per share).*

The accompanying notes on pages 6 to 27 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(Thousands of Georgian Lari)

	Note	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Cash flows from operating activities			
Dividends received	9	24,375	33,666
Salaries and other employee benefits paid		(3,541)	(2,954)
Other administrative expenses paid		(3,400)	(3,282)
Interest income received		1,072	5,304
Net change in operating assets and liabilities		1,160	(339)
Net cash flows from operating activities before income tax		**19,666**	**32,395**
Income tax paid		-	-
Net Cash flow from operating activities		**19,666**	**32,395**
Cash flows from investing activities			
Net withdrawal of amounts due from credit institutions		9,944	14,753
Loans issued		(15,105)	(51,360)
Loans repaid		13,605	59,800
Proceeds from sale of shares in portfolio companies	9	22,347	61,571
Increase of equity investments	9	(6,068)	(20,423)
Purchase of marketable securities		(13,411)	(777)
Proceeds from sale and redemption of marketable securities and redeemable securities		17,582	21,184
Purchase of property and equipment		(22)	(68)
Other investing activities		(641)	(765)
Net cash flows from investing activities		**28,231**	**83,915**
Cash flows from financing activities			
Dividend paid to the shareholder	14	(32,841)	(12,000)
Proceeds from debt securities issued		1,248	-
Redemption and buyback of debt securities issued		(1,273)	(85,596)
Interest paid		(17,154)	(18,230)
Acquisition of treasury shares under share-based payment plan	11	(9,328)	(31,650)
Cash payments for principal portion of lease liability		(181)	(156)
Cash payments for interest portion of the lease liability		(18)	(10)
Net cash used in financing activities		**(59,547)**	**(147,642)**
Effect of exchange rates changes on cash and cash equivalents		1,468	(10,743)
Effect of change in expected credit losses for cash and cash equivalents		(1)	(2)
Net decrease in cash and cash equivalents		**(10,183)**	**(42,077)**
Cash and cash equivalents, beginning of the period	5	**51,138**	**199,771**
Cash and cash equivalents, end of the period	5	**40,955**	**157,694**

The accompanying notes on pages 6 to 27 are an integral part of these interim condensed consolidated financial statements.

1. Principal Activities

JSC Georgia Capital ("Georgia Capital", "JSC GCAP", "GCAP", "Company") makes up a group of companies (the "Group"), focused on buying, building and developing businesses in Georgia and monetising investments as they mature. The Group currently has the following portfolio businesses (i) a retail (pharmacy) business, (ii) a hospitals business (consisting of a. large and specialty hospitals and b. regional and community hospitals), (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 19.7% (31 December 2023: 19.7%) equity stake in LSE premium-listed Bank of Georgia Group PLC ("BoG"), a leading universal bank in Georgia.

JSC Georgia Capital's (Company ID: 404549690) registered legal address is Petre Melikishvili Avenue N8a / Erekle Tatishvili Street N1, Tbilisi Georgia.

JSC Georgia Capital was established on 6 August 2015 as a joint stock company (JSC) under the laws of Georgia. As of 30 June 2024 and 31 December 2023, the Group's ultimate 100% owner was Georgia Capital PLC, a company incorporated in England and listed on the London Stock Exchange.

2. Basis of Preparation

General

These interim condensed consolidated financial statements for the six months ended 30 June 2024 were prepared in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting".

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim condensed consolidated financial statements. Although these estimates and assumptions are based on management's best judgment at the date of the interim condensed consolidated financial statements, actual results may differ from these estimates.

Assumptions and significant estimates in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended 31 December 2023, signed and authorized for release on 21 March 2024.

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

The interim condensed consolidated financial statements are unaudited, but are reviewed by the Company's independent auditors and their review conclusion is included in this report.

Going concern

The Supervisory Board of Georgia Capital has made an assessment of the Group's and 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 Group's and 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.

(Thousands of Georgian Lari)

3. Material Accounting Policy Information

Accounting policies

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 31 December 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interim period tax measurement

Interim period income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year, if any. The estimated annual tax expense for the year ended 31 December 2024 is nil (31 December 2023: nil).

The following amendments became effective from 1 January 2024 and had no material impact on the Group's condensed interim consolidated 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

The following amendments became effective on January 1, 2024, and have not yet been endorsed by the local regulatory body:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2 Climate-related Disclosures

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

IFRS 18 Presentation and Disclosures in Financial Statements
IFRS 19 Subsidiaries without Public Accountability: Disclosures
Amendments to IAS 21 Lack of Exchangeability – Exchangeable Currency and Determination of Exchange rate

(Thousands of Georgian Lari)

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 Group 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 Group has 20% equity stake in the Water Utility business, following the disposal of 80% of its shares during 2021. Water Utility is a regulated monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services.

Private portfolio companies

Large portfolio companies segment:

The large portfolio companies are companies that are close to reaching more than a GEL 300 million equity value. This segment includes investments in hospitals (large and specialty hospitals, regional and community hospitals), retail (pharmacy) and insurance businesses.

Hospitals business comprises two segments: Large and Specialty Hospitals, the leading participant in Georgia's healthcare market, offering secondary and tertiary healthcare services; and Regional and Community Hospitals, encompassing regional hospitals and community clinics that deliver outpatient and essential inpatient services.
Retail (Pharmacy) business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies.
Insurance business comprises a property and casualty insurance 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 have the potential to reach more than a GEL 300 million equity value. This segment includes investments into clinics, diagnostics, renewable energy and education businesses.

Clinics & Diagnostics business consists of polyclinics, providing outpatient diagnostic and treatment services, and a 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 are companies which GCAP believes to have limited potential to reach a GEL 300 million equity value. This segment includes Housing Development, Hospitality, Beverages and Auto Service businesses.

Corporate Centre comprising of JSC Georgia Capital.

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

In 2023, Georgia Capital revised presentation of its segment note. The hospitals business is split into two distinct sub-segments: "Large and Specialty Hospitals" and "Regional and Community Hospitals". The Regional and Community Hospitals also incorporates the community clinics that were previously managed and presented as part of the clinics and diagnostics business. The clinics & diagnostics business, alongside the renewable energy and education businesses, is presented under the investment stage portfolio.

Starting from the first half of 2024, the insurance business operates under three distinct brand names: Aldagi, specializing in P&C insurance, and Imedi L and Ardi, both specializing in medical insurance. A GEL 87 million portfolio of insurance contracts and the brand name from "Ardi" was acquired in April 2024. Ardi was the third-largest player in the Georgian health insurance market, holding a 17% market share based on 2023 net insurance premiums. This acquisition positions GCAP's medical insurance business as the largest health insurer in the country and offers an opportunity to diversify our portfolio and achieve significant financial and strategic synergies. The total cash outflow for this transaction amounts to GEL 26.4 million, fully financed by funds already available in the medical insurance business.

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents the net asset value (NAV) statement of the Group's operating segments at 30 June 2024 and the roll-forward from 31 December 2023:

	31 December 2023	*1. Value Creation*	*2a. Investments and Divestments**	*2b. Buybacks*	*2c. Dividends*	*3. Operating Expenses*	*4. Liquidity Management/ FX / Other*	*30 June 2024 (unaudited)*
Listed and Observable Portfolio Companies	**1,384,847**	**65,899**	**-**	**-**	**(25,932)**	**-**	**-**	**1,424,814**
BoG	1,225,847	69,899	-	-	(25,932)*	-	-	1,269,814
Water Utility	159,000	(4,000)	-	-	-	-	-	155,000
Private Portfolio Companies	**2,287,098**	**(206,477)**	**6,068**	**-**	**(24,375)**	**-**	**4,872**	**2,067,186**
Large Portfolio Companies	***1,436,231***	***(166,705)***	***-***	***-***	***(19,757)***	***-***	***2,053***	***1,251,822***
Retail (Pharmacy)	714,001	(85,351)	-	-	(10,048)	-	719	619,321
Hospitals	344,356	(104,031)	-	-	-	-	719	241,044
Insurance (P&C and Medical)	377,874	22,677	-	-	(9,709)	-	615	391,457
Of which, P&C Insurance	*285,566*	*19,076*	-	-	*(9,709)*	-	*615*	*295,548*
Of which, Medical Insurance	*92,308*	*3,601*	-	-	-	-	-	*95,909*
Investment Stage Portfolio Companies	***566,614***	***(23,494)***	***3,068***	***-***	***-***	***-***	***1,138***	***547,326***
Clinics and diagnostics	110,761	(3,111)	-	-	-	-	159	107,809
Renewable energy	266,627	(24,203)	3,068	-	-	-	674	246,166
Education	189,226	3,820	-	-	-	-	305	193,351
Other Portfolio Companies	***284,253***	***(16,278)***	***3,000***	***-***	***(4,618)***	***-***	***1,681***	***268,038***
Total Portfolio Value	**3,671,945**	**(140,578)**	**6,068**	**-**	**(50,307)**	**-**	**4,872**	**3,492,000**
Net Debt	**(308,534)**	**-**	**(6,068)**	**(4,295)**	**50,307**	**(15,504)**	**(66,299)**	**(350,393)**
Net Asset Value	**3,363,411**	**(140,578)**	**-**	**(4,295)**	**-**	**(15,504)**	**(61,427)**	**3,141,607**

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 Georgia Capital; 2b. Buybacks – represent buybacks made by Georgia Capital in order to satisfy share compensation of executives; 2c.Dividends – represent dividends received from portfolio companies by JSC GCAP; 3.Operating Expenses – holding company operating expenses of Georgia Capital; 4.Liquidity Management/FX/Other – holding company movements of Georgia Capital related to liquidity management, foreign exchange movement, non-recurring and other.

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following table presents the NAV statement of the Group's operating segments at 30 June 2023 and the roll forward from 31 December 2022:

	31 December 2022	***1.Value Creation***	***2a. Investments and 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, Medical 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	**(403,567)**	**-**	**(20,423)**	**(28,166)**	**148,074**	**(16,111)**	**(10,644)**	**(330,837)**
Net Asset Value	**2,795,060**	**282,461**	**-**	**(28,166)**	**-**	**(16,111)**	**(3,517)**	**3,029,727**

* In segment information, dividend income includes consideration received as a result of participation in BoG buyback programme in the amount of GEL 25,932 during six months ended 2024 (30 June 2023: GEL 61,571). The amount is disclosed under Investment and Divestments in Note 9.

In 2021 Bank of Georgia PLC incorporated capital distribution policy which combines ordinary cash dividend and share repurchases. It is the Bank of Georgia PLC's overall capital distribution policy to target a dividend/share buyback payout ratio in the range of 30-50% of annual profits. Starting from 2022 Bank of Georgia announced Share Buybacks and cancellation program in line with its Capital Distribution Policy mentioned above. As a result, GCAP has sold GEL 25,932 worth shares through participating in the share buyback program announced by BOG during six months ended 2024 (30 June 2023: GEL 61,571). Participating in BOG share buyback program enable shareholders maintain effective ownership interest in the business while increasing shareholders' return. The sales consideration received through the program along with ordinary dividend distribution, is regarded as dividend income by the GCAP's management, as it reflects capital distribution by listed portfolio company, and does not result in a change in effective ownership interest.

(Thousands of Georgian Lari)

4. Segment Information (continued)

Reconciliation to IFRS financial statements:

	30 June 2024 (unaudited)			30 June 2023 (unaudited)		
	JSC Georgia Capital	***Reclassifications****	***NAV Statement***	***JSC Georgia Capital***	***Reclassifications****	***NAV Statement***
Cash and cash equivalents	40,955	(40,955)	-	157,694	(157,694)	-
Marketable securities	28,213	(28,213)	-	3,940	(3,940)	-
Investment in redeemable securities	-	-	-	12,789	(12,789)	-
Accounts receivable	3,728	(3,728)	-	52,594	(52,594)	-
Prepayments	1,655	(1,655)	-	1,827	(1,827)	-
Loans issued	11,404	(11,404)	-	17,461	(17,461)	-
Property and equipment	311	(311)	-	370	(370)	-
Intangible assets	46	(46)	-	88	(88)	-
Other assets, net	964	(964)	-	1,079	(1,079)	-
Equity investments at fair value	3,492,000	-	3,492,000	3,360,564	-	3,360,564
Total assets	**3,579,276**	**(87,276)**	**3,492,000**	**3,608,406**	**(247,842)**	**3,360,564**
Accounts payable	2,641	(2,641)	-	1,811	(1,811)	-
Debt securities issued	432,638	(432,638)	-	574,974	(574,974)	-
Other liabilities	2,390	(2,390)	-	1,894	(1,894)	-
Total liabilities	**437,669**	**(437,669)**	**-**	**578,679**	**(578,679)**	**-**
Net Debt	-	(350,393)	(350,393)	-	(330,837)	(330,837)
Total equity/NAV	**3,141,607**	**-**	**3,141,607**	**3,029,727**	**-**	**3,029,727**

** Reclassification to aggregated balances to arrive at NAV specific presentation, such as aggregating Georgia Capital net debt.*

(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 2024 (unaudited):

		Private Portfolio Companies				
	Listed and Observable Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***
Gains/(losses) on investments at fair value	39,967	(186,462)	(23,494)	(20,896)	-	(190,885)
Listed and Observable Investments	*39,967*	-	-	-	-	*39,967*
Private Investments	-	*(186,462)*	*(23,494)*	*(20,896)*	-	*(230,852)*
Dividend income	*25,932*	19,757	-	*4,618*	-	50,307
Interest income	-	-	-	-	3,320	3,320
Loss on derecognition of liability	-	-	-	-	(63)	(63)
Net losses from investment securities measured at FVPL	-	-	-	-	(344)	(344)
Net realised gains from investment securities measured at FVOCI	-	-	-	-	42	42
Other income	-	-	-	-	13	13
Gross investment profit/(loss)	**65,899**	**(166,705)**	**(23,494)**	**(16,278)**	**2,968**	**(137,610)**
Administrative expenses	-	-	-	-	(3,400)	(3,400)
Salaries and other employee benefits	-	-	-	-	(11,831)	(11,831)
Depreciation and amortisation	-	-	-	-	(273)	(273)
Interest expense	-	-	-	-	(17,579)	(17,579)
Profit/(loss) before provisions, foreign exchange and non-recurring items	**65,899**	**(166,705)**	**(23,494)**	**(16,278)**	**(30,115)**	**(170,693)**
Expected credit loss charge	-	-	-	-	(3,378)	(3,378)
Net foreign currency loss	-	-	-	-	(15,909)	(15,909)
Gain on derivative financial assets	-	-	-	-	11	11
Non-recurring expense	-	-	-	-	(1,668)	(1,668)
Profit/(loss) before income taxes	**65,899**	**(166,705)**	**(23,494)**	**(16,278)**	**(51,059)**	**(191,637)**
Income tax	-	-	-	-	-	-
Profit/(loss) for the period	**65,899**	**(166,705)**	**(23,494)**	**(16,278)**	**(51,059)**	**(191,637)**

(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 and Observable Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***
Gains on investments at fair value	56,383	57,409	16,795	3,800	-	134,387
Listed and Observable Investments	56,383	-	-	-	-	56,383
Private Investments	-	*57,409*	16,795	3,800	-	*78,004*
Dividend income	*114,408*	28,479	5,187	-	-	148,074
Interest income	-	-	-	-	4,219	4,219
Gain on derecognition of liability	-	-	-	-	524	524
Net gains from investment securities measured at FVPL	-	-	-	-	505	505
Net realised losses from investment securities measured at FVOCI	-	-	-	-	(164)	(164)
Other income	-	-	-	-	-	-
Gross investment profit	**170,791**	**85,888**	**21,982**	**3,800**	**5,084**	**287,545**
Administrative expenses	-	-	-	-	(3,290)	(3,290)
Salaries and other employee benefits	-	-	-	-	(12,521)	(12,521)
Depreciation and amortisation	-	-	-	-	(300)	(300)
Interest expense	-	-	-	-	(20,405)	(20,405)
Gain before provisions, foreign exchange and non-recurring items	**170,791**	**85,888**	**21,982**	**3,800**	**(31,432)**	**251,029**
Expected credit loss	-	-	-	-	(41)	(41)
Net foreign currency gain	-	-	-	-	8,708	8,708
Gain on derivative financial assets	-	-	-	-	4,507	4,507
Non-recurring expense	-	-	-	-	(1,321)	(1,321)
Gain before income taxes	**170,791**	**85,888**	**21,982**	**3,800**	**(19,579)**	**262,882**
Income tax	-	-	-	-	-	-
Gain for the period	**170,791**	**85,888**	**21,982**	**3,800**	**(19,579)**	**262,882**

(Thousands of Georgian Lari)

5. Cash and Cash Equivalents

	30 June 2024 (unaudited)	*31 December 2023*
Current accounts with financial institutions*	40,955	51,139
Time deposits with financial institutions with maturities of up to 90 days	-	-
Cash and cash equivalents	**40,955**	**51,139**
Allowance	-	(1)
Cash and cash equivalents, Net	**40,955**	**51,138**

The carrying value of cash and cash equivalents approximates fair value of the asset.
*As of 30 June 2024, cash and cash equivalents amounting to GEL nil million (31 December 2023: GEL 8 million) was signed under a currency swap agreement.

6. Amounts Due from Credit Institutions

	30 June 2024 (unaudited)	*31 December 2023*
Time deposits with maturities of more than 90 days	-	8,721
Amounts due from credit institutions, Gross	**-**	**8,721**
Allowance	-	(43)
Amounts due from credit institutions, Net	**-**	**8,678**

7. Marketable Securities and Investment in Redeemable Shares

	30 June 2024 (unaudited)	*31 December 2023*
Internationally listed marketable securities (FVPL)	10,335	-
Internationally listed marketable securities (FVOCI)*	231	669
Locally listed marketable securities (FVOCI)*	17,647	17,534
Marketable securities	**28,213**	**18,203**

* During six months ended 2024 GCAP recorded foreign exchange gain of GEL 161 (30 June 2023: loss of GEL 112) on marketable securities presented through FVOCI.

As of 31 December 2023, locally listed marketable securities in the amount of GEL 9 million were pledged as a collateral under loan arrangement of one of JSC GCAP's portfolio companies. There are no pledged securities as of 30 June 2024.

Investment in redeemable shares

In August 2021 a 100% owned portfolio company of Georgia Capital, JSC Insurance Company Aldagi (P&C Insurance), issued 6 million preference shares. 100% of preference shares were subscribed by Georgia Capital at the price of USD 6 million (GEL 18.6 million). The proceeds from preference shares were invested by JSC Insurance Company Aldagi in a fund that invest in fixed income securities. Preference shares were mandatorily redeemable by JSC Insurance Company Aldagi upon redemption of the underlying fund shares. The redemption was executed during the first half of 2024, with a total redemption amount of USD 5.1 million. As at 31 December 2023 the fair value of the investment was GEL 14,068 presented as investment in redeemable shares in the condensed consolidated statement of financial position. Investment in redeemable shares were accounted at fair value through profit or loss at net asset value of underlying fund shares.

(Thousands of Georgian Lari)

8. Loans Issued

	30 June 2024 (unaudited)	*31 December 2023*
Loans to subsidiaries (FVPL)	11,404	9,212
Loans issued, Net	**11,404**	**9,212**

As at 30 June 2024, loans to equity investments are denominated in GEL and USD (31 December 2023: GEL), carry interest rates from 11.0% to 16.5% (31 December 2023: 15.0% to 16.5%), with average remaining terms of maturity of 0.5 years (31 December 2023: 0.7 year).

9. Equity Investments at Fair Value

	31 December 2023	*Value Change*	*Dividends*	*Total gains / (Losses) on investments at fair value*	*Investments and Divestments****	*Other *****	*30 June 2024 (unaudited)*
Listed and Observable Portfolio Companies	**1,384,847**	**65,899**	**-**	**65,899**	**(25,932)**	**-**	**1,424,814**
BoG	*1,225,847*	*69,899*	*-*	*69,899*	*(25,932)*	*-*	*1,269,814*
Water utility	*159,000*	*(4,000)*	*-*	*(4,000)*	*-*	*-*	*155,000*
Private Portfolio Companies	**2,287,098**	**(206,477)**	**(24,375)**	**(230,852)**	**6,068**	**4,872**	**2,067,186**
Large Portfolio Companies	**1,436,231**	**(166,705)**	**(19,757)**	**(186,462)**	**-**	**2,053**	**1,251,822**
Retail (Pharmacy)	*714,001*	*(85,351)*	*(10,048)*	*(95,399)*	*-*	*719*	*619,321*
Hospitals	*344,356*	*(104,031)*	*-*	*(104,031)*	*-*	*719*	*241,044*
Insurance (P&C and Medical)	*377,874*	*22,677*	*(9,709)*	*12,968*	*-*	*615*	*391,457*
Of which, P&C Insurance	*285,566*	*19,076*	*(9,709)*	*9,367*	*-*	*615*	*295,548*
Of which, Medical Insurance	*92,308*	*3,601*	*-*	*3,601*	*-*	*-*	*95,909*
Investment Stage Portfolio Companies	**566,614**	**(23,494)**	**-**	**(23,494)**	**3,068**	**1,138**	**547,326**
Clinics and diagnostics	*110,761*	*(3,111)*	*-*	*(3,111)*	*-*	*159*	*107,809*
Renewable Energy	*266,627*	*(24,203)*	*-*	*(24,203)*	*3,068*	*674*	*246,166*
Education	*189,226*	*3,820*	*-*	*3,820*	*-*	*305*	*193,351*
Other Portfolio Companies	**284,253**	**(16,278)**	**(4,618)**	**(20,896)**	**3,000**	**1,681**	**268,038**
Equity investments at fair value	**3,671,945**	**(140,578)**	**(24,375)**	**(164,953)**	**(19,864)**	**4,872**	**3,492,000**

(Thousands of Georgian Lari)

9. Equity Investments at Fair Value (continued)

	31 December 2022	Value Change	Dividends	Total gains / (Losses) on investments at fair value	Investments and Divestments**	Other ****	30 June 2023 (unaudited)
Listed and Observable Portfolio Companies	**985,463**	**170,791**	**(52,837)**	**117,954**	**(61,571)**	**-**	**1,041,846**
BoG	*830,463*	*166,791*	*(52,837)**	*113,954*	*(61,571)*	*-*	*882,846*
Water utility	*155,000*	*4,000*	*-*	*4,000*	*-*	*-*	*159,000*
Private Portfolio Companies	**2,213,164**	**111,670**	**(33,666)**	**78,004**	**20,423**	**7,127**	**2,318,718**
Large Portfolio Companies	**1,437,610**	**85,888**	**(28,479)**	**57,409**	**-**	**1,243**	**1,496,262**
Retail (Pharmacy)	*724,517*	*18,776*	*(20,061)*	*(1,285)*	*-*	*273*	*723,505*
Hospitals	*433,193*	*(7,406)*	*-*	*(7,406)*	*-*	*273*	*426,060*
Insurance (P&C and Medical)	*279,900*	*74,518*	*(8,418)*	*66,100*	*-*	*697*	*346,697*
Of which, P&C Insurance	*228,045*	*56,636*	*(8,418)*	*48,218*	*-*	*697*	*276,960*
Of which, Medical Insurance	*51,855*	*17,882*	*-*	*17,882*	*-*	*-*	*69,737*
Investment Stage Portfolio Companies	**501,407**	**21,982**	**(5,187)**	**16,795**	**16,223**	**1,937**	**536,362**
Clinics and diagnostics	*112,178*	*(7,706)*	*-*	*(7,706)*	*-*	*61*	*104,533*
Renewable Energy	*224,987*	*20,517*	*(5,187)*	*15,330*	*5,718*	*1,647*	*247,682*
Education	*164,242*	*9,171*	*-*	*9,171*	*10,505*	*229*	*184,147*
Other Portfolio Companies	**274,147**	**3,800**	**-**	**3,800**	**4,200**	**3,947**	**286,094**
Equity investments at fair value	**3,198,627**	**282,461**	**(86,503)**	**195,958**	**(41,148)**	**7,127**	**3,360,564**

* Dividend receivable from BoG, included in accounts receivable balance in interim consolidated statement of financial position as at 30 June 2023. Dividends receivable were collected on 14 July 2023.

** Capital injections in portfolio companies made by JSC Georgia Capital (cash contribution of GEL 6,068 for the period of six months ended 30 June 2024, GEL 20,423 for the period of six months ended 30 June 2023). Divestments represent sale of shares in BOG. Refer to the Note 4 for a presentation of BoG share sales in the segment information.

**** Other investments in portfolio companies.

10. Debt Securities Issued

Debt securities issued comprise:

	30 June 2024 (unaudited)	*31 December 2023*
USD denominated local sustainability-linked bonds	432,638	413,930
USD denominated Eurobonds	-	-
Debt securities issued	**432,638**	**413,930**

On 3 August 2023 JSC Georgia Capital has successfully issued a USD 150 million sustainability-linked bond 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 were used to fully redeem USD 300 million Eurobond. As a result, GCAP's gross debt balance decreased from the current USD 300 million to USD 150 million.

In March 2018 JSC Georgia Capital issued a USD 300 million (GEL 734 million) 6.125% notes due in March 2024 denominated in US Dollars which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market (the "Notes"). Notes were sold at the price of 98.770% of par value at the initial offering. On 16 March 2021, Georgia Capital placed USD 65,000 (GEL 215,826) tap issue, which was consolidated and forms a single series with the Notes. From the tap issue, notes with par value of USD 4,154 (GEL 13,809) were repurchased by Georgia Capital at the issue date. Cash proceeds from the tap issue, net of fees paid, was GEL 212,725. In 2022 GCAP cancelled USD 65,000 notes (GEL 180,427).

On 12 July 2023 JSC Georgia Capital launched an invitation to holders of its outstanding USD 300 million, to tender their notes for purchase by the Issuer for cash. On 10 August 2023 JSC Georgia Capital cancelled 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 GCAP in treasury. On 4 September 2023 JSC Georgia capital repaid remaining outstanding principal amount of USD 16.6 million notes.

(Thousands of Georgian Lari)

11. Equity

Share capital

As at 30 June 2024, issued share capital comprised 12,876,582 authorised common shares (31 December 2023: 12,876,582), of which 12,876,582 were fully paid (31 December 2023: 12,876,582). Each share has a nominal value of one Georgian Lari. Shares issued and outstanding as at 30 June 2024 and 30 June 2023 are described below:

	Number of shares Ordinary	*Amount*
1 January 2024	**12,876,582**	**12,877**
30 June 2024 (unaudited)	**12,876,582**	**12,877**

	Number of shares Ordinary	*Amount*
1 January 2023	**12,876,582**	**12,877**
30 June 2023 (unaudited)	**12,876,582**	**12,877**

Treasury shares

Treasury shares consist of GEL 837 (31 December 2023: GEL 837) JSC Georgia Capital shares and GEL 124 (31 December 2023: 143) shares of Georgia Capital PLC (the Parent) repurchased as a result of management compensation scheme, which are considered as treasury shares for the Group.

During six months ended 30 June 2024, the Group acquired treasury shares in connection to its share-based compensation plans for total consideration of GEL 9,328 (30 June 2023: GEL 31,650).

12. Fair Value Measurements

Fair value hierarchy

For the purpose of fair value disclosures, the Group 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 2024 (unaudited)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Marketable securities	10,335	17,878	-	28,213
Investment in redeemable securities	-	-	-	-
Equity investments at fair value	1,269,814	155,000	2,067,186	3,492,000
Listed portfolio companies	*1,269,814*	-	-	*1,269,814*
Observable portfolio companies	-	*155,000*	-	*155,000*
Private portfolio companies	-	-	*2,067,186*	*2,067,186*
Loans issued	-	-	11,404	11,404
Assets for which fair values are disclosed				
Amounts due from credit institutions	-	-	-	-
Accounts receivable	-	-	3,728	3,728
Liabilities for which fair values are disclosed				
Debt securities issued	-	391,830	-	391,830

(Thousands of Georgian Lari)

12. Fair Value Measurement (continued)

Fair value hierarchy (continued)

31 December 2023	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Marketable securities	250	17,953	-	18,203
Investment in redeemable securities	-	-	14,068	14,068
Equity investments at fair value	1,225,847	159,000	2,287,098	3,671,945
Listed portfolio companies	*1,225,847*	-	-	*1,225,847*
Observable portfolio companies	-	*159,000*	-	*159,000*
Private portfolio companies	-	-	*2,287,098*	*2,287,098*
Loans issued	-	-	9,212	9,212
Assets for which fair values are disclosed				
Amounts due from credit institutions	-	8,678	-	8,678
Accounts receivable	-	-	3,274	3,274
Liabilities for which fair values are disclosed				
Debt securities issued	-	331,358	-	331,358

**There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2024.*

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 Group's estimate of assumptions that a market participant would make when valuing the instruments.

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

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. Listed and observable portfolio also includes instruments for which there is a clear exit path from the business, e.g. through a put and/or call options at pre-agreed multiples. In such cases, pre-agreed terms are used for valuing the company.

Equity Investments in Private Portfolio Companies

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

12. Fair Value Measurement (continued)

Valuation techniques (continued)

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

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

Equity investments in private portfolio companies are valued by applying an appropriate valuation method, which makes maximum use of market-based public information, is consistent with valuation methods generally used by market participants and is applied consistently from period to period, unless a change in valuation technique would result in 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 Group identifies a peer group for each equity investment taking into consideration points of similarity with the investment such as industry, business model, size of the company, economic and regulatory factors, growth prospects (higher growth rate) and risk profiles. Some peer-group companies' multiples may be more heavily weighted during valuation if their characteristics are closer to those of the company being valued than others.
As a rule of thumb, last 12-month earnings will be used for the purposes of valuation as a generally accepted method. Earnings are adjusted where appropriate for exceptional, one-off or non-recurring items.

a. Valuation based on enterprise value

Fair value of equity investments in private companies can be determined as their enterprise value less net financial debt (gross face value of debt less cash) appearing in the most recent Financial Statements.
Enterprise value is obtained by multiplying measures of a company's earnings by listed peer group multiple (EV/EBITDA) for the appropriate period. The measures of earnings generally used in the calculation is recurring EBITDA for the last 12 months (LTM EBITDA). In exceptional cases, where EBITDA is negative, peer EV/Sales (enterprise value to sales) multiple can be applied to last 12-month recurring/adjusted sales revenue of the business (LTM sales) to estimate enterprise value.
Once the enterprise value is estimated, the following steps are taken:

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

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.

12. Fair Value Measurement (continued)

Valuation techniques (continued)

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

Discounted cash flow

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

Net Asset Value

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

Price of recent investment

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

Exit price

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

Validation

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

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

(Thousands of Georgian Lari)

12. Fair Value Measurement (continued)

Valuation process for Level 3 valuations

Georgia Capital hired third-party valuation professionals to assess fair value of the large private portfolio companies as at 31 December 2021. Starting from 2022 third-party valuation professionals are hired to assess fair value of the investment stage private portfolio companies as well. As of 30 June 2024, such businesses include Hospitals (consisting of a. large and specialty hospitals and b. regional and community hospitals), Insurance (consisting of a. P&C insurance and b. Medical insurance), Retail (Pharmacy), 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 2024 was consistent with the Group'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 2024, 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.

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

30 June 2024 (unaudited)

Description	*Valuation technique*	*Unobservable input*	*Range* [implied multiple**]*	*Fair value*
Loans Issued	DCF	Discount rate	11.0%-16.5%	*11,404*
Equity investments at fair value				
Large portfolio				*1,251,822*
Retail (Pharmacy)	DCF, EV/EBITDA	EV/EBITDA multiple	5.6x-19.9x [8.8x]	*619,321*
Hospitals	DCF, EV/EBITDA	EV/EBITDA multiple	3.9x-14.9x [12.5x]	*241,044*
P&C insurance	DCF, P/E	P/E multiple	5.7x-20.8x [13.0x]	*295,548*
Medical insurance	DCF, P/E	P/E multiple	7.6x-11.6x [10.9x]	*95,909*
Investment stage				*547,326*
Clinics and diagnostics	DCF, EV/EBITDA	EV/EBITDA multiple	6.5x-14.9x [9.3x]	*107,809*
Renewable energy	DCF, EV/EBITDA	EV/EBITDA multiple	3.8x-18.2x [11.5x]	*246,166*
Education	DCF, EV/EBITDA	EV/EBITDA multiple	4.4x-36.4x [13.0x]	*193,351*
Other	Sum of the parts	EV/EBITDA multiples Cashflow probability NAV multiple	5.5x-22.5x [7.0x-9.0x] [90%-100%] [1.0x]	*268,038*

(Thousands of Georgian Lari)

12. Fair Value Measurement (continued)

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

31 December 2023

Description	*Valuation technique*	*Unobservable input*	*Range* [implied multiple**]*	*Fair value*
Loans Issued	DCF	Discount rate	15.0%-16.5%	*9,212*
Equity investments at fair value				
Large portfolio				*1,436,231*
Retail (Pharmacy)	DCF, EV/EBITDA	EV/EBITDA multiple	6.3x-28.2x [9.7x]	*714,001*
Hospitals	DCF, EV/EBITDA	EV/EBITDA multiple	7.2x-12.8x [13.8x]	*344,356*
P&C insurance	DCF, P/E	P/E multiple	4.6x-12.6x [13.0x]	*285,566*
Medical insurance	DCF, P/E	P/E multiple	5.7x-11.6x [11.0x]	*92,308*
Investment stage				*566,614*
Clinics and diagnostics	DCF, EV/EBITDA	EV/EBITDA multiple	9.4x-12.8x [11.7x]	*110,761*
Renewable energy	DCF, EV/EBITDA	EV/EBITDA multiple	2.8x-17.0x [12.6x]	*266,627*
Education	DCF, EV/EBITDA	EV/EBITDA multiple	6.1x-42.7x [16.7x]	*189,226*
Other	Sum of the parts	EV/EBITDA multiples Cashflow probability NAV multiple	2.1x-19.0x [6.7x-14.6x] [90%-100%] [1.0x]	*284,253*

**For equity investments at fair value the range refers to LTM multiples of listed peer group companies, prior to any adjustments.*
***Implied multiples are derived by dividing selected value of the company by respective LTM earnings measure.*

On 31 December 2021, Georgia Capital signed SPA to dispose 80% interest in Water Utility business, which was previously included within the large private portfolio companies As at 30 June 2024 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.

In April 2024, Georgia Capital signed an agreement to acquire a portfolio of insurance contracts and the brand name from "Ardi". As at 30 June 2024, Ardi's portfolio was measured at the recent acquisition price. The acquisition was fully financed by borrowings within the medical insurance business, therefore, the consolidation of Ardi's portfolio did not affect the overall valuation of the insurance business as at 30 June 2024.

As at 30 June 2024, several portfolio companies (Hospitals, Clinics, P&C Insurance, together "Defendants") were engaged in litigation with the former shareholders of Insurance Company Imedi L who allege that the they sold their 66% shares in Imedi L to Defendants under duress at a price below market value in 2012. Since the outset, Defendants have vigorously defended their position that the claims are wholly without merit. Initial judgment of the First Instance Court which was in favour of the Defendants was later overruled and upon reconsideration the First Instance Court partially satisfied the claim and ruled that USD 12.7 million principal amount plus an annual 5% interest charge as lost income (c. USD 21 million in total) should be paid to Defendants. The Defendants appealed the decision of the First Instance Court. Several hearings have taken place at the Appellate Court and as of 30 June 2024 the case is still at the stage of consideration at the Appellate Court. No date for the next hearing date has been set.

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.

12. Fair Value Measurement (continued)

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

In December 2023, the Georgian National Competition Agency (the "Agency") imposed fines on four companies in the Georgian pharmaceutical retailers' sector, including GCAP's retail (pharmacy) business, for alleged anti-competitive actions related to price quotations on certain prescription medicines funded under the state programme. The penalty amount assessed by the Agency on our retail (pharmacy) business is GEL 20.0 million derived by utilising the single rate across all the alleged participants. The company has appealed the Agency's decision in court and plans to vigorously defend its position. No date of hearing has been set yet.

As at 30 June 2024, Georgia Education Group (the "Group") was engaged in litigation with the minority partner of the British Georgian Academy (the "BGA"). The claimant asks the court to annul the memorandum of understanding (the "MoU") based on which Georgia Capital acquired a 70% shareholding interest in BGA in 2019 due to alleged failure by the Group to invest in the development of BGA. As of 30 July 2024, the first hearing at the First Instance Court is set on 27 November 2024.

The Group's assessment of the claim is that the claimant's allegations are based on false factual grounds and are without any legal merit. The Group regards the claim as frivolous; filed not for genuine cause but to exert pressure on the Group to renegotiate the arrangements entered in 2019. Management shares the Group's assessment of the merits of the case and considers that the probability of incurring losses on this claim is low.

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

In order to determine reasonably possible alternative assumptions Georgia Capital adjusted key unobservable model inputs. Georgia Capital adjusted the inputs used in valuation by increasing and decreasing them within a range which is considered by Georgia Capital to be reasonable. All sensitivities disclosed below (except for loans issued) refer to sensitivity of private portfolio company valuations as neither listed, nor observe portfolio valuations are within level 3.

If the listed peer multiples used in the market approach to value unquoted investments as at 30 June 2024 decreased by 10% (31 December 2023: 10%), value of equity investments at fair value would decrease by GEL 58 million or 2% (31 December 2023: GEL 59 million or 2%). If the multiple increased by 10% (31 December 2023: 10%) then the equity investments at fair value would increase by GEL 58 million or 2% (31 December 2023: GEL 59 million or 2%).

If the discount rates used in the income approach to value unquoted investments decreased by 50 basis points (31 December 2023: 50 basis points), the value of equity investments at fair value would increase by GEL 68 million or 2% (31 December 2023: GEL 82 million or 2%). If the discount rates increased by 50 basis points (31 December 2023: 50 basis points) then the equity investments at fair value would decrease by GEL 82 million or 2% (31 December 2023: GEL 87 million or 2%). If the discount rate decreased by 100 basis points, the value of equity investments at fair value would increase by GEL 152 million or 4% (31 December 2023: GEL 177 million or 5%). If the discount rate increased by 100 basis points then the equity investments at fair value would decrease by GEL 151 million or 4% (31 December 2023: GEL 164 million or 4%).

If the multiple used to value unquoted investments valued on NAV and recent transaction price basis as at 30 June 2024 decreased by 10% (31 December 2023: 10%), value of equity investments at fair value would decrease by GEL 9 million or 0.3% (31 December 2023: GEL 10 million or 0.3%). If the multiple increased by 10% then the equity investments at fair value would increase by GEL 9 million or 0.3% (31 December 2023: GEL 10 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.

(Thousands of Georgian Lari)

12. Fair Value Measurement (continued)

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 31 December 2023	*PL movement* realized*	*PL movement* unrealized*	*Investments and Divestments*	*Other changes***	*Loans issued*	*Loans repaid*	*At 30 June 2024 (unaudited)*
Level 3 financial assets								
Loans issued	9,212	155	537	-	-	15,105	(13,605)	11,404
Equity investments at fair value	2,287,098	24,375	(230,852)	6,068	(19,503)	-	-	2,067,186

	At 31 December 2022	*PL movement* realized*	*PL movement* unrealized*	*Investments and Divestments*	*Other changes***	*Loans issued*	*Loans repaid*	*At 30 June 2023 (unaudited)*
Level 3 financial assets								
Loans issued	26,830	857	(1,786)	-	-	51,360	(59,800)	17,461
Equity investments at fair value	2,213,164	33,666	78,004	20,423	(26,539)	-	-	2,318,718

**PL movement represents gain on revaluation of call option, interest income and foreign exchange gain on loans issued and fair value loss and dividend income on investments at fair value.*
*** Other changes for loans issued represent interest repayment and loans conversion into the equity of private portfolio companies and for equity investments at fair value – dividends and other investments (Note 8).*

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the interim condensed consolidated statement of financial position at amortised cost. The table does not include the fair values of non-financial assets and non-financial liabilities, or fair values of other smaller financials assets and financial liabilities, fair values of which are materially close to their carrying values.

	Carrying value 30 June 2024(unaudited)	*Fair value 30 June 2024 (unaudited)*	*Unrecognised gain/(loss) 30 June 2024 (unaudited)*	*Carrying value 31 December 2023*	*Fair value 31 December 2023*	*Unrecognised gain/(loss) 31 December 2023*
Financial assets						
Cash and cash equivalents	40,955	40,955	-	51,138	51,138	-
Amounts due from credit institutions	-	-	-	8,678	8,678	-
Financial liabilities						
Debt securities issued	432,638	391,830	40,808	413,930	331,358	82,572
Total unrecognised change in unrealised fair value			**40,808**			**82,572**

(Thousands of Georgian Lari)

13. 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 2024 (unaudited)			***31 December 2023***		
	Less than 1 Year	**More than 1 Year**	**Total**	**Less than 1 Year**	**More than 1 Year**	**Total**
Cash and cash equivalents	40,955	-	40,955	51,138	-	51,138
Amounts due from credit institutions	-	-	-	8,678	-	8,678
Marketable securities*	28,213	-	28,213	18,203	-	18,203
Investment in redeemable securities	-	-	-	14,068	-	14,068
Accounts receivable	3,728	-	3,728	842	2,432	3,274
Prepayments	1,655	-	1,655	923	-	923
Loans issued	11,404	-	11,404	9,212	-	9,212
Property and equipment	-	311	311	-	340	340
Intangible assets	-	46	46	-	67	67
Other assets	964	-	964	456	-	456
Equity investments at fair value	-	3,492,000	3,492,000	-	3,671,945	3,671,945
Total assets	**86,919**	**3,492,357**	**3,579,276**	**103,520**	**3,674,784**	**3,778,304**
Accounts payable	2,641	-	2,641	888	-	888
Debt securities issued	14,725	417,913	432,638	14,271	399,659	413,930
Other liabilities	2,079	311	2,390	75	-	75
Total liabilities	**19,445**	**418,224**	**437,669**	**15,234**	**399,659**	**414,893**
Net	**67,474**	**3,074,133**	**3,141,607**	**88,286**	**3,275,125**	**3,363,411**

**Internationally and locally listed debt and equity investments and investment in redeemable shares are allocated to "less than 1 year" rather than based on contractual maturity.*

(Thousands of Georgian Lari)

14. 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.

The volumes of related party transactions, outstanding balances at period/year end, and related expenses and income for the period are as follows:

	30 June 2024 (unaudited)		*31 December 2023*	
	Management*	***Equity Investments*****	***Management****	***Equity Investments*****
Assets				
Marketable securities	-	16,816	-	16,958
Investment in redeemable securities	-	-	-	14,068
Prepayments	-	888	-	387
Loans issued	-	11,404	-	9,212
	-	**29,108**	**-**	**40,625**
Liabilities				
Accounts Payable	-	968	-	-
Debt securities issued	5,241	-	7,802	-
	5,241	**968**	**7,802**	**-**

	30 June 2024 (unaudited)		*30 June 2023 (unaudited)*	
	Management*	***Equity Investments*****	***Management****	***Equity Investments*****
Income and expenses				
Dividend income	-	24,375	-	33,666
Administrative expenses	-	(487)	-	(561)
Interest income at EIR method	-	1,728	-	1,438
Other interest income	-	-	-	129
Interest expense	(214)	-	(305)	-
	(214)	**25,616**	**(305)**	**34,672**

** Management of JSC Georgia Capital during six months ended 30 June 2024 consist of 5 executives and 4 members of supervisory board (2023: 5 executives and 6 members of supervisory board) and as of 30 June 2024 consist of 5 executives and 4 members of supervisory board (2023: 5 executives and 4 members of supervisory board).*
*** Equity Investments comprise of investees of JSC Georgia Capital. Private portfolio companies as at 30 June 2024 and 30 June 2023 also represent balances with related parties (note 9).*

Compensation of key management personnel comprised the following:

	30 June 2024 (unaudited)	**30 June 2023 (unaudited)**
Salaries and other benefits	(1,316)	(1,240)
Share-based payments compensation	(9,606)	(13,183)
Total key management compensation	**(10,923)**	**(14,423)**

Key management personnel do not receive cash settled compensation, except for fixed salaries. The major part of the total compensation is share-based. The number of key management personnel for the six months ended 30 June 2024 was 9 (2023: 11).

14. Related Party Disclosure (continued)

Key management personnel compensation for the six months ended 30 June 2023 includes the impact of modification of share-based payment award for one executive. Modification removed the service condition required for vesting of previously awarded shares, thus resulting in accelerated expense recognition for such awards.

There were no related party transactions as of 30 June 2024, other than dividend payment of GEL 32,841 (30 June 2023: GEL 12,000) with GCAP PLC.

15. Events after the Reporting Period

During July and August of 2024, GCAP consolidated all insurance businesses under one holding company, A Group. As a result, Aldagi, Imedi L and Ardi are all managed under a single umbrella company. Previously, Medical Insurance and Ardi were managed by Georgia Healthcare Group, while Aldagi was under JSC A Group.

JSC Georgia Capital and Subsidiaries

The Group's Interim Management Report

30 June 2024

The Group's Interim Management Report

Introduction

This document incorporates the essential components related to JSC Georgia Capital ("Georgia Capital", "GCAP") such as the review of the activities, achievements based on factual indicators, development outlooks, vision and future plans. It also describes the established standards of corporate ethics and the business risks that might impact the Group's performance.

Business Overview

About Us

JSC Georgia Capital ("Georgia Capital", "GCAP") makes up a group of companies (the "Group") whose primary business is to develop or buy businesses, help them develop their management and institutionalise their businesses that can further develop mainly on their own, either with continued oversight or independently. The Group's focus is typically on larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 300 million equity value over 3-5 years from the initial investment and to monetise them through exits, as investments mature. Georgia Capital manages its portfolio companies individually and does not focus on achieving intergroup synergies. Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. As such, it focuses on shareholder returns and on opportunities which meet its investment return and growth criteria.

JSC Georgia Capital was established on 6 August 2015 as a joint stock company ("JSC") under the laws of Georgia. Company ID – 404549690, registration authority – LEPL National Agency of Public Registry. Georgia Capital's registered legal address is Petre Melikishvili Avenue N8a / Erekle Tatishvili Street N1, Tbilisi Georgia. The Group does not have any branches.

All amounts in the management report are presented in thousands of Georgian Lari (GEL), except for per share amounts or unless otherwise indicated.

Portfolio and segments

The Group currently has the following portfolio businesses (i) a retail (pharmacy) business; (ii) a hospitals business (consisting of a. large and specialty hospitals and b. regional and community hospitals); (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 19.7% (31 December 2023: 19.7%) equity stake in LSE premium-listed Bank of Georgia Group PLC ("BoG"), a leading universal bank in Georgia.

Listed and Observable Portfolio

Bank of Georgia

Georgia Capital owns 19.7% (31 December 2023: 19.7%) of Bank of Georgia Group PLC, a UK incorporated holding company, comprising: a) retail banking and payment services (Retail Banking), b) banking services for small and medium-sized businesses (SME Banking) and c) corporate and investment banking operations (Corporate and Investment Banking) in Georgia. The Group expects to benefit from superior growth of the Georgian economy through both its retail banking and corporate and investment banking services and aims to deliver on its strategy and key medium-term objectives – at least 20% return on average equity (ROAE) and c.10% growth of its loan book. BoG targets to maintain a 30%-50% dividend/share buyback payout ratio through regular and progressive semi-annual capital distributions.

Water Utility

The Group's Water Utility business, 20% (31 December 2023: 20%) owned through Georgia Global Utilities (GGU), is a regulated natural monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services to c.1.4 million residents representing more than one-third of Georgia's population and c.42,000 legal entities. The water utility business also operates hydro power plants (HPPs) with total installed capacity of 149MW. In 2022, Georgia Capital completed the sale of an 80% equity interest in the business to FCC Aqualia ("Aqualia") for a cash consideration of USD 180 million (GEL 548 million).

Business Overview (continued)

Portfolio and segments (continued)

Private Large Portfolio Companies

Retail (Pharmacy)

The Group's Retail (Pharmacy) business, owned by 97.6%, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 32% 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 418 pharmacies (of which 402 are in Georgia and 16 in Armenia) and 22 franchise stores (of which, 14 are in Georgia, 2 in Armenia and 6 in Azerbaijan).

Hospitals

The Group's Hospitals business, where GCAP owns a 100% equity, is the largest healthcare market participant in Georgia. The hospitals business comprises seven Large and Specialty Hospitals, providing secondary and tertiary level healthcare services across Georgia and 27 Regional and Community Hospitals, providing outpatient and basic inpatient services.

Insurance

The insurance business comprises a) Property and Casualty (P&C) insurance business, operating under the brand name "Aldagi" and b) medical insurance business, operating under "Imedi L" and "Ardi" brands. The Group owns a 100% equity stake of the insurance business.

The P&C insurance business is a leading player with a 25% market share in property and casualty insurance based on gross premiums as of 31 March 2024. P&C also offers a variety of non-property and casualty products, such as life insurance.

GCAP's medical insurance business is the country's largest private health insurer, with a 33% market share based on gross insurance premiums as of 31 March 2024, offering a variety of health insurance products primarily to corporate and (selectively) to state entities and also to retail clients in Georgia.

Private Investment Stage Portfolio Companies

Renewable Energy

The Group's Renewable Energy business is owned by 100%. The 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.

Education

The education business currently combines majority stakes in four private school brands operating across seven campuses acquired over the period 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.

Clinics and Diagnostics

The Group's Clinics and Diagnostics business, where GCAP owns a 100% equity interest, is the second largest healthcare market participant in Georgia after The Group's hospitals business. The clinics and diagnostics business comprises two segments: 1) 18 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".

Business Overview (continued)

Portfolio and segments (continued)

Private Other Portfolio Companies

Other portfolio companies include the following businesses: Housing Development (100% owned through Georgia Real Estate), Hospitality (100% owned through Georgia Real Estate), Beverages (owned by 92%) and Auto Service (owned by 90-100%).

Short Financial Overview

The Group is 100% owned by Georgia Capital PLC, which is listed on the London Stock Exchange. Consequently, according to the founder's demand, the accounting policy of the Group has been compliant with the IFRS since its establishment.

On 31 December 2019 Georgia Capital concluded that it met the definition of investment entity as defined in IFRS 10 *Consolidated Financial Statements*. As per IFRS 10 an investment entity is an entity that:

a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Group's audit and review services were provided by PricewaterhouseCoopers LLP. The published report includes the financial standing for the last year and for the six months ended 30 June 2024. The interim condensed consolidated financial information of the Group is given below.

Interim Condensed Consolidated Statement of Financial Position

	30 June 2024 (unaudited)	***31 December 2023***
Total Assets	**3,579,276**	**3,778,304**
Total Liabilities	**437,669**	**414,893**
Total Equity	**3,141,607**	**3,363,411**

Short Financial Overview (continued)

Interim Condensed Statement of Comprehensive Income, For the six months ended 30 June 2024

	30 June 2024 (unaudited)	***30 June 2023 (unaudited)***
(Losses)/gains on investments at fair value	(164,953)	195,958
Listed and Observable Investments	*65,899*	*117,954*
Of which:		
Sale consideration from disposal of listed shares	*25,932*	*61,571*
Disposal of listed shares	*(21,060)*	*(57,278)*
Private Investments	*(230,852)*	*78,004*
Dividend income	24,375	86,503
Interest income at effective interest rate method	2,110	2,341
Other interest income	1,210	1,878
(Loss)/gain on derecognition of liability	(63)	524
Net (losses)/gains from investment securities measured at FVPL	(344)	505
Net realised gains/(losses) from investment securities measured at FVOCI	42	(164)
Other income	13	-
Gross investment (loss)/profit	**(137,610)**	**287,545**
Salaries and other employee benefits	(11,831)	(12,521)
Depreciation and amortisation	(273)	(300)
Other administrative expenses	(3,400)	(3,290)
Interest expense	(17,579)	(20,405)
(Loss)/profit before provisions, foreign exchange and non-recurring items	**(170,693)**	**251,029**
Expected credit loss charge	(3,378)	(41)
Net foreign currency (loss)/gain	(15,909)	8,708
Gain on derivative financial assets	11	4,507
Non-recurring expense	(1,668)	(1,321)
(Loss)/profit before income taxes	**(191,637)**	**262,882**
Income tax	-	-
(Loss)/profit for the period	**(191,637)**	**262,882**
Other comprehensive (loss)/income for the period, net of tax	(483)	220
Total comprehensive (loss)/income for the Period	**(192,120)**	**263,102**

For the six months ended 30 June 2024 the Group recorded a loss on investments at fair of value of GEL 164,953 (30 June 2023: gain of GEL 195,958).

Business Overview (continued)

Short Financial Overview (continued)

The following table sets forth a breakdown of portfolio development during the period including gains (losses) on investments at fair value:

	31 December 2023	*Value Change*	*Dividends*	*Total gains / (Losses) on investments at fair value*	*Investments and Divestments*	*Other*	*30 June 2024 (unaudited)*
Listed and Observable Portfolio Companies	**1,384,847**	**65,899**	**-**	**65,899**	**(25,932)**	**-**	**1,424,814**
BoG	*1,225,847*	*69,899*	*-*	*69,899*	*(25,932)*	*-*	*1,269,814*
Water utility	*159,000*	*(4,000)*	*-*	*(4,000)*	*-*	*-*	*155,000*
Private Portfolio Companies	**2,287,098**	**(206,477)**	**(24,375)**	**(230,852)**	**6,068**	**4,872**	**2,067,186**
Large Portfolio Companies	**1,436,231**	**(166,705)**	**(19,757)**	**(186,462)**	**-**	**2,053**	**1,251,822**
Retail (Pharmacy)	*714,001*	*(85,351)*	*(10,048)*	*(95,399)*	*-*	*719*	*619,321*
Hospitals	*344,356*	*(104,031)*	*-*	*(104,031)*	*-*	*719*	*241,044*
Insurance (P&C and Medical)	*377,874*	*22,677*	*(9,709)*	*12,968*	*-*	*615*	*391,457*
Of which, P&C Insurance	*285,566*	*19,076*	*(9,709)*	*9,367*	*-*	*615*	*295,548*
Of which, Medical Insurance	*92,308*	*3,601*	*-*	*3,601*	*-*	*-*	*95,909*
Investment Stage Portfolio Companies	**566,614**	**(23,494)**	**-**	**(23,494)**	**3,068**	**1,138**	**547,326**
Clinics and diagnostics	*110,761*	*(3,111)*	*-*	*(3,111)*	*-*	*159*	*107,809*
Renewable Energy	*266,627*	*(24,203)*	*-*	*(24,203)*	*3,068*	*674*	*246,166*
Education	*189,226*	*3,820*	*-*	*3,820*	*-*	*305*	*193,351*
Other Portfolio Companies	**284,253**	**(16,278)**	**(4,618)**	**(20,896)**	**3,000**	**1,681**	**268,038**
Equity investments at fair value	**3,671,945**	**(140,578)**	**(24,375)**	**(164,953)**	**(19,864)**	**4,872**	**3,492,000**

	31 December 2022	*Value Change*	*Dividends*	*Total gains / (Losses) on investments at fair value*	*Investments and Divestments*	*Other*	*30 June 2023 (unaudited)*
Listed and Observable Portfolio Companies	**985,463**	**170,791**	**(52,837)**	**117,954**	**(61,571)**	**-**	**1,041,846**
BoG	*830,463*	*166,791*	*(52,837)*	*113,954*	*(61,571)*	*-*	*882,846*
Water utility	*155,000*	*4,000*	*-*	*4,000*	*-*	*-*	*159,000*
Private Portfolio Companies	**2,213,164**	**111,670**	**(33,666)**	**78,004**	**20,423**	**7,127**	**2,318,718**
Large Portfolio Companies	**1,437,610**	**85,888**	**(28,479)**	**57,409**	**-**	**1,243**	**1,496,262**
Retail (Pharmacy)	*724,517*	*18,776*	*(20,061)*	*(1,285)*	*-*	*273*	*723,505*
Hospitals	*433,193*	*(7,406)*	*-*	*(7,406)*	*-*	*273*	*426,060*
Insurance (P&C and Medical)	*279,900*	*74,518*	*(8,418)*	*66,100*	*-*	*697*	*346,697*
Of which, P&C Insurance	*228,045*	*56,636*	*(8,418)*	*48,218*	*-*	*697*	*276,960*
Of which, Medical Insurance	*51,855*	*17,882*	*-*	*17,882*	*-*	*-*	*69,737*
Investment Stage Portfolio Companies	**501,407**	**21,982**	**(5,187)**	**16,795**	**16,223**	**1,937**	**536,362**
Clinics and diagnostics	*112,178*	*(7,706)*	*-*	*(7,706)*	*-*	*61*	*104,533*
Renewable Energy	*224,987*	*20,517*	*(5,187)*	*15,330*	*5,718*	*1,647*	*247,682*
Education	*164,242*	*9,171*	*-*	*9,171*	*10,505*	*229*	*184,147*
Other Portfolio Companies	**274,147**	**3,800**	**-**	**3,800**	**4,200**	**3,947**	**286,094**
Equity investments at fair value	**3,198,627**	**282,461**	**(86,503)**	**195,958**	**(41,148)**	**7,127**	**3,360,564**

The Group recorded a gain on listed and observable investments of GEL 65,899 in the six months ended 30 June 2024. Reflecting a 1.5% increase in BoG's share price to GBP 40.35 and a decrease of put option valuation to GCAP's remaining 20% holding in the water utility business. In addition, GEL 25,932 buyback dividend income (consideration received as a result of participation in BoG buyback programme) was recorded from BoG in 1H24.

The Group recorded a loss on private investments of GEL 230,852 in the six months ended 30 June 2024. Valuation assessments of the Group's large and investment stage portfolio companies at half-end were performed by a third-party independent valuation firm. Further detail regarding the loss on private investments is disclosed below:

Business Overview (continued)

Short Financial Overview (continued)

- *Retail (Pharmacy):* The Group recorded a loss on private investments in relation to its retail pharmacy business in the amount of GEL 95,399. The performance reflected the significant recent expansion of the retail chain coupled with the business's proactive approach aimed at enhancing the sales and profitability of para-pharmacy products, as well as the negative impact of price regulations. As a result, LTM EBITDA (incl. IFRS 16) was up by 1.3% year-over-year to GEL 108,297 in 1H24. Despite the positive operating performance, the overall results were negatively impacted by changes in valuation inputs, driven by an increase in the country risk premium resulting from geopolitical instability during the second quarter of 2024. The business paid GEL 10,048 dividend in 1H24.
- *Hospitals:* The Group recorded a loss on private investments in relation to its hospitals business in the amount of GEL 104,031, mainly impacted by changes in valuation inputs driven by an increase in the country risk premium, as mentioned above. The revenue of Large and Specialty Hospitals was up by 6.0% year-over-year in 1H24, which underscores the positive results of the business's efforts to expand its range of outpatient and elective care services, while Regional and Community Hospitals revenue was down 11.6% year-over-year in 1H24, affected by the new facility regulations in Georgia. LTM EBITDA (incl. IFRS 16) stood at GEL 43,032 million in 1H24.
- *Insurance (Property & Casualty and Medical Insurance):* The Group recorded a gain on private investments in relation to its medical insurance business in the amount of GEL 3,601. Medical Insurance Pre-tax LTM net income was up by 57.9% year-over-year to GEL 10,588 in 1H24, reflecting increase in insurance policy prices as well as the positive impact of the acquisition of Ardi insurance portfolio. On private investment in P&C insurance business the group recorded gain of GEL 9,367. Mainly reflecting the growth in the Motor and credit life insurance lines. Pre-tax LTM net income stood at GEL 22,655 in 1H24. The business paid GEL 9,709 dividend in 1H24.
- *Clinics and diagnostics:* The Group recorded a loss on private investment in relation to clinics and diagnostics business in the amount of GEL 3,111, mainly impacted by changes in valuation inputs driven by an increase in the country risk premium, as mentioned above. Reflecting the increased demand for high revenue-generating services as well as the growth in the number of registered patients, revenue of the combined clinics and diagnostics business was up by 23.3% year-over-year in 1H24. The LTM EBITDA (incl. IFRS 16) of the business was GEL 18,062 in 1H24.
- *Renewable energy:* The Group recorded a loss on private investments in relation to its renewable energy business in the amount of GEL 24,203, reflecting decrease in the average electricity selling price, mainly driven by the decrease in electricity export prices in 1H24.
- *Education:* The Group recorded a gain on private investments in relation to its education business in the amount of GEL 3,820. Reflecting organic growth through strong intakes and a ramp-up of the utilisation and expansion of the business. LTM EBITDA was up by 23.4% year-over-year to GEL 16,994 in 1H24.
- *Other portfolio companies:* The Group recorded a loss on other private investments in the amount of GEL 20,896, mainly impacted by changes in valuation inputs driven by an increase in the country risk premium, as mentioned above. Other portfolio companies paid GEL 4,618 dividend in 1H24.

The Group recorded interest income of GEL 3,320 in the six months ended 30 June 2024 on an average balance of liquid assets and issued loans. Interest income represents the sum of other interest income and interest income using the EIR method.

The Group recorded a net loss from investment securities measured at FVPL in the amount of GEL 344 and net realised gain from investments securities measured at FVOCI in the amount of GEL 42 in the six months ended 30 June 2024, which related to its marketable securities.

The Group recorded other administrative expenses in the amount of GEL 3,400 in the six months ended 30 June 2024, incurred at GCAP level.

The Group recorded expenses for salaries and other employee benefits in the amount of GEL 11,831 in the six months ended 30 June 2024, incurred at GCAP level.

The Group recorded interest expense in the amount of GEL 17,579 in the six months ended 30 June 2024, which represented interest accrued in respect of the bonds issued by JSC Georgia Capital.

Business Overview (continued)

Short Financial Overview (continued)

The Group recorded a net foreign currency loss in the amount of GEL 15,909 in the six months ended 30 June 2024, which is related to the impact of currency fluctuations on the foreign currency denominated financial assets and liabilities of GCAP.

There were no R&D activities during 2024.

Future Plans

Georgia Capital's key principle is to buy assets at affordable prices and to remain very disciplined in this regard. To evaluate new acquisition opportunities Georgia Capital has developed a 360-degree analysis framework. The Group performs a 360-degree analysis each time it makes a capital allocation decision and compares: a) the investment opportunity versus buyback opportunity; and b) the sale opportunity versus buyback opportunity. The Group intends to buy assets/companies at a higher discount to their listed peers than GCAP's fair value discount. Another core principle of the Group's investment philosophy is to be mindful about the size of the potential investments in new industries. Georgia Capital typically starts with a small ticket size and tests and develops a management track record before stepping up the investment.

In 2022, the Group introduced an NCC (Net Capital Commitment) Ratio Navigation Tool, which is an integral part of the GCAP's existing 360-degree framework and drives the Group's share buyback and investment decisions. NCC represents an aggregated view of all confirmed, agreed and expected capital outflows at the GCAP holding company level. An NCC ratio (NCC as a percentage of the total portfolio value) between 15%-40% guides GCAP to tactical share buybacks/investments, an NCC ratio below 15% would be expected to lead to more meaningful share buybacks/investments, whilst a ratio above 40% would lead to the implementation of a cash preservation strategy.

Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. It focuses on shareholder returns and on opportunities that meet its investment return and growth criteria. In line with its capital allocation strategy, the Group emphasises capital-light, larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 300 million equity value over 3-5 years and to be monetised through exits as they mature.

The Group aims to have two potential liquidity events for each of its assets: 1st exit - when entering a new industry Georgia Capital intends to develop and grow portfolio companies. The Group's key focus areas at the portfolio company level are the ability to grow operating cash and to make efficient capex investments. Once the business reaches its late stage of development, the Group expects to pursue its first exit route, which envisages dividend flows for GCAP; 2nd exit - as businesses mature, Georgia Capital normally seeks to monetise its investment through appropriate exit options, typically within five to ten years from initial investment.

The Group is also focused on cash generation at both GCAP and portfolio company level as well as management development – adding value for the Company's shareholders by developing top talent within the Group.

As the largest employer in the Georgian private sector, the Group and its portfolio companies have a responsibility to improve the future of its community by building the sustainable businesses of tomorrow. GCAP has a strong track record of investing and managing its portfolio responsibly, facilitated by operating according to its clear and proven governance model and an extensive network of top-quality talent. Georgia Capital's approach to environmental, social and governance (ESG) matters is reflected in the strategy and management principles of the Group's portfolio companies, all of which adhere to sound ESG standards, as well as local policies and regulations. On 3 August 2023, JSC Georgia Capital successfully issued a USD 150 million sustainability-linked bond with a 5-year bullet maturity on the Georgian market. Through the issuance of sustainability linked bonds, GCAP targets to decrease the group's greenhouse gas emissions by 20% by 2027, compared to a 2022 baseline. The SLB target is in line with GCAP's overarching commitment to reaching Net-Zero at the Group level by 2050. GCAP has obtained second party opinion from Sustainalytics on its sustainability-linked bond framework, affirming the alignment with core components of the sustainability-linked bond principles.

Corporate Governance

Georgia Capital recognizes the importance of maintaining sound corporate governance practices and supports high standards of corporate governance in delivering value to the Group's stakeholders.

The Corporate Governance Code for Issuers of Public Securities (№172/04 of December 7, 2021) is mandatory for all the issues of public securities in Georgia, including Georgia Capital. Georgia Capital (as a subsidiary of Public Limited Company) also complies with the standards of reporting and corporate governance under: the UK Corporate Governance Code (except for the combined Chairman & CEO structure); the provisions of the Listing Rules relating to pre-emption rights; and the requirements of Listing Rule 11 relating to related party transactions.

Internal controls and risk management systems related to the financial reporting process

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing. Financial reporting procedures of the Group are managed and monitored by the Group's Finance department. A dedicated financial reporting team, comprised of professionals with accounting and reporting backgrounds, prepare financial statements for Georgia Capital on a daily, monthly, quarterly and annual basis. Overall monitoring of the process is performed by the Group's Chief Financial Officer.

The management has established a range of procedures that enable the Directors to discharge their responsibilities with respect to financial reporting process and an appropriate internal control environment has been established to support the integrity and accuracy of financial and management reporting as well as compliance with regulatory matters:

- The Group has established an internal control environment that supports accurate and timely management and financial reporting. Internal controls supporting financial and management reporting include but are not limited to (i) delegations of authority (approvals); (ii) balance sheet reconciliations; (iii) income statement and balance sheet reviews including budget versus actual reviews; (iv) journal reviews and approvals; and (vi) the adoption of segregation of duties with respect to cash inflows/outflows.
- The Internal Audit Department is an assurance function within the Group and is independent from the Group's Management Board and reports directly to the Group's Audit and Valuation Committee at least quarterly. The Internal Audit report covers its activities in accordance with the pre-approved annual Internal Audit plan and any other significant matters that may arise during the reporting period.
- The principal risk management bodies of the Group are: The Supervisory Board, the Management Board, the Audit and Valuation Committee, Internal Audit, the Finance Department, Legal Department, IFRS technical accounting group and Valuation Workgroup.
- The Group's risk management system is implemented primarily by the Finance department, which is supervised by the Chief Financial Officer and is in charge of the Financial Risks Management function.

Authority of shareholders and shareholders' general meeting

Overview

The corporate bodies of the Group comprise the General Meeting of Shareholders (GMS), the Supervisory Board, and the Management Board, each possessing distinct responsibilities and powers as per the Georgian legislation and the Group's Charter. The Company adheres to the legal framework of Georgia in its operations.

As of the issue date, the Group's equity share capital is entirely held by Georgia Capital PLC.

The Group's GMS

All shareholders registered on the share register on the record date of the GMS have the right to attend and vote (if applicable) at the meeting. Georgian law provides that holders of preferred shares are not entitled to voting rights at the GMS, unless the Charter or any relevant share issue prospectus allocates voting rights to preferred shareholders. According to the Charter, holders of preferred shares are not entitled to voting rights at the GMS. As of the date of

Corporate Governance (continued)

Authority of shareholders and shareholders' general meeting (continued)

The Group's GMS (continued)

the prospectus, the Group has not issued any preferred shares. Shareholders may be represented at the GMS by a proxy.

Under Georgian law and the Charter, shareholders are authorised to pass resolutions, inter alia, on the following issues at a GMS:

- approval of amendments to the Charter;
- change of the share capital of the Group;
- liquidation of the Group;
- any merger, division or transformation of the Group into another legal entity;
- full or partial cancellation of pre-emptive rights during an increase of share capital;
- distributions of profits;
- appointment and dismissal of the members of the Supervisory Board and determination of their terms of service and remuneration;
- approval of the reports of the Supervisory Board and the Management Board and control of the activities of their members;
- selection of auditors;
- approval of participation in litigation against the Supervisory Board and the Management Board members, including the appointment of a representative in such litigation;
- acquisition, sale, transfer, exchange (or such related transactions) or encumbrance of the Group's assets, with the value exceeding 25.0% of the total assets of the Group;
- approval of the annual accounts of the Group;
- approval of related party transactions, with a value exceeding 2% of the Group's assets; and
- other issues provided by Georgian law and the Charter.

According to the Charter, decisions on all other issues are made by the Supervisory Board and the Management Board within their capacities.

The composition and operation of the management and supervision bodies

Supervisory Board

As per the Charter, the Supervisory Board is responsible for overseeing the Management Board's activities. The Supervisory Board comprises a minimum of three and a maximum of 15 members, who are appointed by the GMS. It is mandatory for the Supervisory Board members to act in the best interests of the Group and its business while executing their duties.

The Supervisory Board is responsible for various duties, which include:

- supervising the activities of the Management Board;
- appointing and dismissing the CEO and other directors, concluding and terminating service contracts with them, as well as establishing a code of conduct for the members of the Management Board;
- approving and amending the Group's policy and other regulatory requirements;
- inspecting the Group's accounts and property, including inspection of conditions of cash desk, securities and assets, personally or with the help of invited experts;
- requesting reports of the Group's activities from the Management Board (including information concerning associated companies and subsidiaries) and reviewing the information provided by internal audit or external inspections;
- convening extraordinary general meetings, if necessary;
- reviewing annual reports and the proposals of the Management Board on profit distribution;
- representing the Group in proceedings against the Group's CEO and other directors;

Corporate Governance (continued)

The composition and operation of the management and supervision bodies (continued)

Supervisory Board (continued)

- approving the annual budget; and
- making decisions in other cases provided by applicable laws.

The Supervisory Board members are: Irakli Gilauri, David Morrison, Massimo Gesua' sive Salvadori, Maria Chatti-Gautier, Neil Janin.

Management Board

The Management Board is an executive body that is responsible for the day-to-day management of the Group (with the exception of those functions reserved to the GMS and the Supervisory Board) and consists of the CEO and not less than two directors. The Management Board is accountable to the shareholders and the Supervisory Board and its members are appointed and dismissed by the Supervisory Board. The Supervisory Board approves the remuneration and other conditions of employment for each member of the Management Board. Certain resolutions of the Management Board are subject to the prior approval of the Supervisory Board.

The Management Board is managed by the CEO, who, together with the Supervisory Board, allocates the responsibilities of the Management Board among its members.

The responsibilities of the Management Board include:

- conducting the Group's day-to-day activities;
- reviewing agenda items for the Group's GMS or Supervisory Board meetings, obtaining all the necessary information, preparing proposals and draft resolutions;
- drafting and presenting to the Supervisory Board for approval the business plan for the following year (such business plan to include the budget, profit and loss forecast and the Group's investments plan);
- ensuring the fulfilment of resolutions passed at the Group's GMS and the Supervisory Board;
- developing policies, by-laws and other regulatory documents which are approved by the Supervisory Board and ensure compliance with such policies, by-laws and regulatory documents;
- deciding on the appointment, dismissal, training and remuneration of staff;
- convening extraordinary general meetings; and
- any other issues which may be assigned to the Management Board by the Supervisory Board and/or the Group's GMS.

The following activities may be carried out by the Management Board only with the prior approval of the Supervisory Board:

- the acquisition and disposal of shares in other companies (other than in the companies at least 50% of which is directly or indirectly by the Group (the Subsidiary)) if value of the transaction exceeds 2.5% of the Group's equity value as at the end of the previous calendar month;
- except for the transactions with the Subsidiaries, the acquisition, transfer and encumbrance of real estate and related ownership rights, if such transaction falls outside the scope of routine economic activity of the Group and the value of such transaction exceeds 2.5% of the Group's equity value as at the end of the previous calendar month;
- except for the investments in the Subsidiaries, investments, the partial or total amount of which exceeds 2.5% of the Group's equity value as at the end of the previous calendar month;
- securing credits and loans, if they fall outside the scope of routine economic activity and are in excess of 2.5% of the Group's equity value as at the end of the previous calendar month;
- borrowing funds in excess of 2.5% of the Group's equity value as at the end of the previous calendar month;
- the establishment and liquidation of branches;
- launching a new type of activity or terminating or suspending the existing type of activity;

Corporate Governance (continued)

The composition and operation of the management and supervision bodies (continued)

Management Board (continued)

- adopting general principles of business strategy and the business plan of the Group and approving the annual budget and incurrence of long-term liabilities;
- determination of the remuneration and/or additional benefits for the Group's senior management (CEO, other members of the Management Board and any other senior managers so selected by the Supervisory Board);
- the appointment and dismissal of trade representatives;
- except for the contracts and agreements with the Subsidiaries) the approval of an agreement or contract pursuant to which the expenditure of the Group (payable by single or several tranches) exceeds 1.0% of the Group's equity value as at the end of the previous calendar month;
- the determination and approval of internal policies and procedures for lending, investing, foreign exchange, assets and liabilities management, asset valuation, their classification and adequate provisioning; and
- other activities that may be prescribed by applicable laws.

The Management Board currently consists of the members: Irakli Gilauri, Avtandil Namicheishvili, Giorgi Alpaidze.

Shares owned by members of those charged with governance

As of 30 June 2024, no shares of JSC Georgia Capital are owned by the members of those charged with governance.

The diversity policy

JSC Georgia Capital complies and is subject to the diversity policy[1] of Georgia Capital PLC. Georgia Capital, according to the Policy, is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation. The Company embraces diversity in all its forms. Diversity of skills, social and ethnic background, nationality, experience, cognitive and personal strengths, knowledge, outlook, approach and gender, amongst other factors, will be taken into consideration when seeking to make any new appointment within the business, whether an employee, client, supplier or contractor. Diversity is not always an easily measured characteristic, such as gender. Diversity of outlook and approach is hard to measure but may be equally as important. Employees and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or registered civil partner status, pregnancy or maternity, race (including colour, nationality, ethnic or national origin), religion or belief, sex or sexual orientation. All employees are responsible for the promotion and advancement of, and compliance with, the Diversity Policy. Behaviour, actions or words that transgress the Policy will not be tolerated and will be dealt with in line with the disciplinary policy.

Mandatory tender offer

During the six months ended 30 June 2024, there were no mandatory tender offers made defined in Article 532 of the Law of Georgia on Entrepreneurs.

Risk Overview

Risk Factors

Regional Instability

The Georgian economy and the Group's 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, on February 24, 2022 Russian troops crossed the border and the situation escalated into a war.

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[1] The policy is available at the following link: https://georgiacapital.ge/governance/cgf/policies

Risk Factors (continued)

Regional Instability (continued)

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 2024, 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 respectively going forward.

On May 14, 2024, Georgia's ruling party passed the controversial foreign agents' law in its third and final reading, with 84 votes in favour and 30 against. The adoption of the "transparency of foreign influence" law in Georgia, may pose considerable risks of political instability and uncertainty. Despite elevated uncertainty, Georgia's economy demonstrated robust growth. Preliminary data indicates that the economy continued to expand. Foreign exchange inflows maintained their positive trend, and loan growth remained robust, contributing to economic stability. These positive developments quickly reversed the capital market volatility associated with increased risk and uncertainty.

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.

Currency Risk and Macroeconomic Environment

Unfavourable dynamics of macroeconomic variables, including depreciation of the Georgian Lari against the US Dollar, may have a material impact on the Group's performance.

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 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 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 Risk

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. The Group, however, cannot predict what additional regulatory changes will be introduced in the future or the impact they may have on the Group's 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.

Georgia Capitals's continued investment in the people and processes is enabling the Group to meet current regulatory requirements, meaning that the Group is well placed to respond to any future changes in regulation. Further, investment portfolio of Georgia Capital is well diversified, limiting exposure to particular industry-specific regulatory risks.

Georgia Capital's 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 planning and implementation of all necessary actions for the elimination of identified legal risks.

Risk Overview (continued)

Risk Factors (continued)

Investment Risk

The Group may be adversely affected by risks in respect of specific investment decisions.

The Group manages investment risk with established procedures for 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

Liquidity risk implies 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.

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 review of the composition of the cash buffer, potential cash outflows and management's readiness to meet such commitments. It also serves as a tool to revisit the portfolio composition and take necessary measures, if required. JSC Georgia Capital successfully issued USD 300 million bonds in March 2018, which was followed by a USD 65 million tap issuance on 16 March 2021. On 3 August 2023, JSC Georgia Capital has successfully issued a USD 150 million sustainability-linked bond with a 5-year bullet maturity. The proceeds from the transaction, together with existing liquid funds of GCAP, were utilised to fully redeem USD 300 million Eurobonds.

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. Since the introduction of the NCC concept, the NCC ratio has decreased significantly. Going forward, the Group targets to bring down the NCC ratio below 15% by December 2025. The deleveraging strategy was also implemented across the Group's private portfolio companies, where individual leverage targets have been developed.

As mentioned above, proceeds from USD 150 million bond issuance, together with the existing liquid funds of GCAP have been used to fully redeem the existing Eurobond and as a result, gross debt balance decreased from USD 300 million to USD 150 million, which further supports GCAP's deleveraging strategy.

Risk Overview (continued)

Risk Factors (continued)

Portfolio Companies Strategic and Execution Risks

Market conditions may adversely impact the strategy of Georgia Capital and all Group's businesses have their own risks specific to their industry. The businesses have growth and expansion strategies and Georgia Capital faces 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 the Group faces market and execution risk in connection with exists at reasonable prices.

For each business, Georgia Capital focuses on building a strong management team and has 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 the Group's businesses. Georgia Capital holds management accountable for meeting targets.

For each industry in which the Group operates, industry trends, market conditions and the regulatory environment are closely monitored. Georgia Capital has also sought and continues to seek advice from professionals with global experience in relevant industries. Georgia Capital measures its private portfolio companies at fair value. 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 (51.5% 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. The acquisition history of Georgia Capital has also been successful and the Group has been able to integrate businesses due to strong management with integration experience.

In 2022, GCAP successfully completed the water utility business disposal, which represents Georgia Capital's most significant monetization event to date and marks the completion of the full investment cycle for one of the Group's large portfolio businesses.

Emerging Risks

The Group's risks are continually reassessed and reviewed through a horizon scanning process, with escalation and reporting to the Board. The horizon scanning process fully considers all relevant internal and external factors, and is designed to consider and capture the following risks: current risks which have not yet fully crystallised and which the Group does not have previous known experience of against which they can be assessed and risks which are expected to crystallise in future periods, typically beyond one year.

Since 2021, the Group has identified climate change as an emerging risk. Since the Group's businesses are very much dependent on such climate elements as precipitation, wind speed and air temperature, the Group's development will be affected by climate change. This is critical to protecting and enhancing the value of the Group's assets and therefore Georgia Capital monitors its governance and risk management framework to ensure that sustainability-related risks in GCAP's portfolio remain an important part of the Group's agenda and are treated as a priority by GCAP's portfolio company management teams. The environmental activities of the Group's portfolio companies are discussed in the 'Environmental Matters' section of this report.

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. 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.

The Group has also identified cyber security as an emerging risk. A cyber security incident can result in unauthorised access to, or misuse of, the Group's information systems, technology, or data. This could lead to leakage of sensitive information, disruption of operations and reputational damage.

Employee Matters

Recruiting, developing and retaining talent within the Group is one of the most important priorities. Key factor for working towards that objective is communicating openly with the employees, providing training and opportunities for career advancement, rewarding employees fairly and encouraging them to give direct feedback to senior management. The Group recognises the importance of providing a supportive working environment and a healthy work-life balance for all the employees both in Georgia Capital and in the Group's portfolio companies.

A key factor in the Group's success is a cohesive and professional team, capable of accomplishing the Group's objectives. The Group is committed to attracting and identifying the best professionals, caring and planning for their needs, investing in their development and fostering their commitment.

The Group developed and implemented Human Resource (HR) policies and procedures which promote the key principles, areas, approaches and methods that are crucial for building Human Capital Management systems at each business level and at Georgia Capital level. GCAP maintains a Group-wide Code of Conduct and Ethics for its employees and other effective HR policies and procedures covering matters such as:

- Staff administration, compensation and benefits;
- Recruitment, development and training;
- Diversity and anti-nepotism;
- Succession planning, departure and dismissal;
- Grievances and whistleblowing;

The Group is committed to employee engagement by providing them with a continuous flow of information, which includes information about corporate culture, the Group's strategy and performance, risks relating to its performance, such as financial and economic factors, and the Group's policies and procedures. The Group provides information to its employees in a number of ways, including via managers, presentations, email, intranet and regular off-site meetings. There are feedback systems, such as frequent employee satisfaction surveys, which ensure that the opinions of the Group's employees are taken into account when making decisions which are likely to affect their interests.

Georgia Capital is fully committed to providing equal opportunities as an employer and prohibits unlawful and unfair discrimination. The Group believes that there are great benefits to be gained from having a diverse workforce. At 31 December 2023, Georgia Capital, as an investment holding company, had a total of 47 employees and 19,815 employees at Group level. There were no material changes during the first six months of 2024.

Environmental Matters

The operations of Georgia Capital have relatively low energy consumption. However, it recognises the evolving significance of emissions disclosures in the investment community and in line with the commitment to increasing transparency, the Group voluntarily discloses emissions for JSC Georgia Capital and its portfolio investments.

To be more environmentally responsible, the Group's portfolio companies continue to implement energy saving solutions, such as LED lights and other energy-efficient equipment, such as boilers and heating ventilation and air conditioning systems. GCAP's housing development business pioneered the introduction of energy efficient construction materials. In the Group's education business, four of the school campuses successfully introduced solar panels, and gradually other educational infrastructures will follow in due course. GCAP's beverages business reduced its energy consumption and carbon footprint through its CO_2 recovery plant, alongside with the wastewater treatment plant. In addition, the company also introduced the Green Fridge policy which reduces the carbon footprint of cooling bottled and canned products. Additionally, the Group's PTI business adheres to green standards, exemplified by the planting of trees in every Tbilisi branch, contributing to a green space that encompasses 20% of the total territory.

Within the management team, the Chief Financial Officer (CFO), supported by the finance team, is responsible for identifying risks, including climate change risks, in relation to the investment portfolio and including these in the valuation process. The Director of Investments (DoI), supported by the Investment Officers, is responsible for identifying specific risks and opportunities at the initial investment stage.

Environmental Matters (continued)

In support of the evaluation of climate-related risks and opportunities that may be present, a review of GCAP's direct operations and a macro-level review of the portfolio companies' operations were completed. An early-stage scenario analysis was completed as part of the process towards understanding how the climate impacts identified in the qualitative assessment could present as financial risks to GCAP under different plausible future scenarios.

Environmental activities of the Group's portfolio companies

Bank of Georgia 36.4% share of the portfolio at 30 June 2024

Within the medium term, the rapid implementation of climate policy and regulation may result in sharply increasing direct regulatory expenses in relation to fixed assets such as the Bank's retail outlets.

In the short term, and in mitigation, the Bank is already in the advanced stages of implementing energy efficiency programmes within its real estate (retail, office and data centres). By anticipating compliance with regulations relating to fuel efficiency standards, emissions-reducing regulations and building efficiency compliance, the Bank will minimise costs in relation to regulations. In addition, it will lower energy expenditure and generate a financial benefit, especially where renewable energy is utilised. Additionally, the Bank has adopted digital technology to enable all forms of digital banking, potentially further reducing the need for fixed assets.

Retail (pharmacy) 17.7% share of the portfolio at 30 June 2024

The principal risks arise from physical aspects of climate change and may impact the physical assets. Transition risks are considered to mainly relate to carbon pricing and the effect this will have on the supply chain, for example, the purchase of drugs and medicines. As the carbon price rapidly increases post-2030 (medium term) the prices of goods will increase. While this will be felt across the market and will not be unique to the portfolio, given the leading market share, this could result in reputational risk arising from consumer perception.

There is a regulation opportunity for the retail (pharmacy) business. Being an early adopter of fuel efficiency standards, emissions-reducing regulations and building efficiency compliance will reduce overall running costs in the medium term. Good energy management and the use of renewable energy will not only lower the energy expenditure and generate a financial benefit but will also reduce the carbon footprint of the operations.

Healthcare Business – Hospitals and Clinics and Diagnostics 10.0% share of the portfolio at 30 June 2024

Under the delayed transition 1.8˚C scenario, it is anticipated that in the medium-term carbon prices will remain low. After 2030, carbon prices may rise quickly year-on-year towards 2050. The implications of this will be financially more severe for carbon-intensive products, services and operations. This will result in increased costs of purchase relating to medical equipment and supplies, particularly those originating out-of-country.

In the short to medium term, commitment to a low-carbon portfolio (for example, low-carbon hospitals) could have certain benefits. A reduction in the portfolio's carbon intensity will mitigate future costs associated with increasing carbon prices.

Medical Insurance 2.7% share of the portfolio at 30 June 2024

An increase in medical insurance claims may arise from both acute short-term weather conditions (flooding and, in some regions landslides, heatwaves) and long-term chronic changes in weather such as increased average temperatures, impacting health. Failure of infrastructure may cause longer-term ill health from waterborne diseases. There is also a risk that the Government introduces a policy for insurers to maintain policy cover for the "uninsurable", the costs of which may not be possible to pass on to the insured.

Encouraging customers to prepare to be resilient with respect to climate risks, for example through premium incentives to have healthy lifestyles, may contribute positively to the business reputation and customer base.

Environmental Matters (continued)

Environmental activities of the Group's portfolio companies (continued)

P&C Insurance 8.5% share of the portfolio at 30 June 2024

Carbon pricing is a fundamental component of the EU's climate change agenda. Under the Delayed Transition 1.8°C scenario, carbon pricing is expected to rise sharply after 2030 (medium term). This will see a progressive rise in the cost of carbon-intensive products and services, logistics, distribution and any other operations within the supply chain associated with high carbon emissions. This will have implications for the cost of insurance, which may be passed on to the customer. Beginning with transition risks, some lines of business may see changes in claims patterns as government policy and regulation relating to carbon emissions evolve. This might result in fluctuating loss ratios and profitability.

Opportunities will likely arise from energy efficiency regulation which will force customers to upgrade their homes and vehicles and may require new product offerings. Commercial opportunities are also likely to arise by creating targeted products that address climate change and energy transition.

Water Utility 4.4% share of the portfolio at 30 June 2024

Acute physical risks may impact utility assets. For example, in the short to medium term, extreme rain events may overwhelm infrastructure, causing damaged water treatment and sewage treatment plants. Pipelines are also at risk from such events, as the overall integrity is placed under pressure. These will require increased maintenance and repair costs. Landslides in more remote locations could cause further damage and may block access in some areas.

In the medium term, decarbonisation of operations will enable the water utility operations to limit the cost consequences of carbon pricing and provide an advantage over more carbon-intensive competition.

Renewable Energy 7.0% share of the portfolio at 30 June 2024

In the short to medium term, the infrastructure and transmission lines are clearly at risk from physical risks such as landslides, or extreme heat impacting the integrity of lines or pipes. However, for each of the HPPs and WPPs, the business has taken steps to improve the resilience of infrastructure to changes in climate.

The renewable energy business generates electricity using renewable sources, and there are a number of policy and Government incentives for solar wind and hydropower generation in Georgia as part of the Georgian 2030 CCSAP. Renewable energy sources are considered to be the future of energy and are valued higher than traditional electricity generation companies.

Education 5.6% share of the portfolio at 30 June 2024

The potential risks relate to transition type risks, in particular energy and air quality regulations, that may be introduced under this scenario at short notice in the medium term. Schools may be expected to retrofit heating and cooling measures/equipment to meet regulations. In addition, energy requirements may arise in response to air conditioner use during prolonged heatwaves for example. These risks are expected for all real estate.

Auto Service

Currently, vehicles on the market and in use in Georgia are mainly diesel and petrol-fuelled. Initially, in the short term, there will be a gradual switch to electric vehicles. After 2030, there will likely be a significant increase in the use of electric vehicles, abruptly reducing the need for emissions checks. Additionally, the anticipated rise of carbon pricing and adoption of border adjustment mechanisms after 2030 will affect Amboli's (the auto service business' car services and parts business) supply chain and trade of car consumables and parts. There will likely be an abrupt rise in distribution and retail costs as a result of increases in carbon pricing.

In the short to medium term, it may be that there will be stricter emissions requirements. This may mean that more vehicles will need to be emissions-checked more regularly or be modified, causing demand at PTI centres.

Environmental Matters (continued)

Environmental activities of the Group's portfolio companies (continued)

Beverages

In addition to physical risks (reduced rain, high intensity events, prolonged heatwaves) affecting hops and grape production, the main identified risk relates to regulatory transition risk. In particular, carbon prices and border taxes such as the EU Carbon Border Adjustment Mechanism will adversely affect the prices of both incoming goods and exported products in medium term (post-2030).

Housing Development and Hospitality

Physical risks to property will occur. These include deterioration of asset integrity due to flooding or extreme heat. In the medium term (post-2030) assets that are not energy efficient will be hit by energy efficiency regulation for retrofitting and increased energy costs due to carbon pricing.

Early adoption of fuel efficiency standards, emissions-reducing regulations and building efficiency compliance will reduce longer-term costs relating to regulations including a reduction in potential declines.

The Group's strategy is to focus predominantly on capital-light, larger-scale investment opportunities in Georgia and it normally seeks to monetise its investment through appropriate exit options, typically within five to ten years from initial investment. Considering this strategic focus, the holding periods of GCAP's investments fall in much shorter time horizons (short to medium term) than the timeframe in which the impacts of climate change, especially of physical risks, may manifest themselves in Georgia. Management takes climate change risk into consideration when determining its investment strategy. Climate change is also reflected in the valuation assessments of the portfolio companies.

Sustainability-linked Bond Framework

In 2023 GCAP has developed a Framework that outlines the key principles to be followed when issuing Sustainability Linked Bonds. This Framework has been established in alignment with the International Capital Market Association's (ICMA) 2020 Sustainability-Linked Bond Principles (SLBP). The SLBPs are a set of voluntary guidelines that establish industry best practices for financial instruments to incorporate sustainability-related outcomes in the future. By defining the approach to issuing SLBs, these principles serve to facilitate the growth and development of the SLB market.

Enhanced integration of ESG issues into the Group's core operations became one of the three strategic priorities of GCAP's overall strategy in 2022. By identifying ESG risks and opportunities and integrating and managing ESG matters into the investment decision-making process, the Group is able to achieve a higher degree of investment optimization, while contributing to Georgia's advances towards sustainable development and improving the future of the community. By issuing Sustainability-Linked Bonds (SLBs) GCAP will deliver on its already established key strategic priority to support the transition towards a more sustainable and low carbon economy.

GCAP's Sustainability-Linked Bond Framework is designed in accordance with the five key components of the Sustainability-Linked Bond Principles (SLBP): 1) Selection of Key Performance Indicators (KPIs); 2) Calibration of Sustainability Performance Targets (SPTs) 3) Bond Characteristics 4) Reporting 5) Verification. GCAP's key performance indicator (KPI) is the total amount of greenhouse gas (GHG) emissions from Scope 1, 2, and 3 sources across its value chain, measured in tons of carbon dioxide equivalent (tCO2e). Scope 1 emissions are from sources owned or controlled by GCAP, Scope 2 emissions are from the consumption of purchased electricity, heat, steam, and cooling, and Scope 3 emissions represent Scope 1 and 2 emissions of GCAP's portfolio companies. This KPI is aligned with GCAP's wider strategy of the Net-Zero initiative. GCAP aims to reduce Absolute Scope 1, 2 and 3 GHG emissions by 20% by 2027 compared to a 2022 baseline. The KPI is material and relevant as it helps measure the company's and portfolio companies' GHG emissions, identify carbon-related risks and support decarbonization targets.

Environmental Matters (continued)

Sustainability-linked Bond Framework (continued)

GCAP has commissioned Sustainalytics, an internationally recognized firm with environmental and social expertise, to conduct a Second Party Opinion (SPO) evaluating the sustainability benefits and alignment of its Sustainability-Linked Bond Framework with the SLBP 2020. Sustainalytics confirmed the framework's compliance with the SLBP 2020 and rated it as ambitious.

For the year ending 31 December 2023, GCAP prepared and published on its website a Sustainability Report.[2]

Buyback of own shares

There were no share repurchases during the six months ended 30 June 2024.

Irakli Gilauri Chief Executive Officer

[2] The report is available at the following link: https://georgiacapital.ge/ir/sustainability-reports

Environmental Matters (continued)

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