Georgia Capital PLC

Half-year 2020 results

Name of authorised official of issuer responsible for making notification:
Nino Rekhviashvili, Head of Investor Relations and Funding

www.georgiacapital.ge

About Georgia Capital PLC

Georgia Capital PLC (LSE: **CGEO LN**) is a platform for buying, building and developing businesses in Georgia (together with its subsidiaries, "**Georgia Capital**" or **"the Group").** The Group's primary business is to develop or buy businesses, help them institutionalize their management and grow them into mature businesses that can further develop largely on their own, either with continued oversight or independently. The Group's focus is typically on smaller or early stage businesses in sectors capable of rapid development and consolidation, while also considering more developed sectors, where a strong market position can be achieved through an acquisition or larger greenfield project. Once Georgia Capital has successfully developed a business, the Group actively manages its portfolio to determine each company's optimal owner. Georgia Capital will normally seek to monetise its investment either through trade sale, initial public offering, fund structure or promoting interest over a 5-10 year period from initial investment.

Georgia Capital currently has ten portfolio businesses (i) **Georgia Healthcare Group PLC[1] ("GHG")**, the largest healthcare services provider in Georgia, comprising three business lines: a **healthcare services business**; a **pharmacy and distribution business** and a **medical insurance business**; (ii) a **water utility business** (GGU); (iii) a **housing development business** (m^2, renamed as Georgia Real Estate); (iv) a **property and casualty insurance business** (Aldagi); (v) a **renewable energy business** (hydro and wind assets held through GRPC, Hydrolea and Qartli wind farm); (vi) an **education business** (three partners: BGA, Buckswood and Green school); (vii) a **hospitality and commercial real estate business** (m^2, renamed as Georgia Real Estate); (viii) a **beverages business** (Georgia Beverages); (ix) an **auto service business** (Greenway and Amboli) and (x) a **digital services business** (Redberry). We also hold a 19.9% equity stake in LSE premium-listed **Bank of Georgia Group PLC ("BoG")**, a leading universal bank in Georgia.

Old Tbilisi, Georgia

[1] GHG was listed on the premium segment of the London Stock Exchange as of 30-Jun-20. Following the completion of a recommended share exchange offer (further details of the transaction are available at: https://georgiacapital.ge/ir/offer-ghg), cancellation of listing and trading of GHG shares took effect on 5 August 2020.

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Georgia Capital PLC announces its first half 2020 financial results. An investor/analyst conference call, organised by the Group, will be held on 20 August 2020, at 15:00 UK / 16:00 CET / 10:00 U.S Eastern Time. The duration of the call will be 60 minutes and will consist of a 30-minute update and a 30-minute Q&A session.

Dial-in numbers:
Pass code for replays/Conference ID: **7598102**
International Dial In: +44 (0) 2071 928000
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UK Local Dial In: 08445718892
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FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Capital PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: impact of COVID-19; regional instability; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; and other key factors that could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in this document and Georgia Capital PLC's Annual Report and Accounts 2019. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity, and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.

BASIS OF PRESENTATION

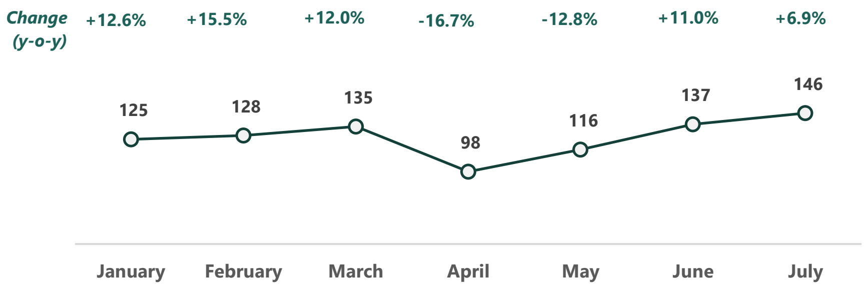
This announcement contains financial results presented on two different bases: under International Financial Reporting Standards ("IFRS") as adopted by the European Union and under an adjusted IFRS methodology as explained below. The financial results are unaudited and derived from management accounts.

Georgia Capital PLC operates as a holding company of a diversified group of companies (which are in turn held through its wholly owned subsidiary JSC Georgia Capital) focused on acquiring and developing businesses in Georgia. The Group's strategy is to exit portfolio companies over a five to ten year time horizon - it is not in the business of managing or owning portfolio companies indefinitely. In light of this strategy and other factors, Georgia Capital PLC met the "investment entity" definition under IFRS 10 from 31 December 2019 and as a result, the accounting basis was changed from consolidation of portfolio companies to fair value measurement of investments in portfolio companies effective on that date. Georgia Capital holds a single investment in JSC Georgia Capital (an investment entity on its own), which in turn owns a portfolio of investments, each measured at fair value. Georgia Capital measures its investment in JSC Georgia Capital at fair value through profit and loss, estimated with reference to JSC Georgia Capital's own investment portfolio value as offset against its net debt. For details on the change in accounting basis please refer to Georgia Capital PLC's 2019 Annual Report. Our Group level discussion is therefore based on the IFRS 10 investment entity accounts. However, because we conduct our operations through JSC Georgia Capital, our IFRS 10 balance sheet and income statement (comprehensive income) show our investments through JSC Georgia Capital and the gain or loss thereon as one line item. Accordingly, to enable a comprehensive view of the combined operations of Georgia Capital PLC and JSC Georgia Capital (together referred to herein as "GCAP") as if it were one holding company, we adjust the accounts ("adjusted IFRS 10 accounts"). The adjusted IFRS 10 accounts are an alternative performance measure ("APM") and the basis for their preparation is described on pages 8-12.

In the adjusted IFRS 10 accounts, the net asset value in the NAV statement fully reconciles with IFRS 10 investment entity equity value as at 30 June 2020. NAV as per NAV Statement differs from the value of equity investments at fair value in the Georgia Capital's statement of financial position as disclosed in note 5 in the interim financial statements on page 54 for the aggregate net value of other assets and liabilities of Georgia Capital PLC. As to the income statement, to provide full transparency and appropriate balance between our adjusted IFRS 10 presentation and the IFRS 10 investment entity accounts, a full reconciliation of the adjusted IFRS 10 presentation to the IFRS 10 statement of profit and loss and comprehensive income is provided on page 13.

In addition, for the majority of our portfolio companies the fair value of our equity investment is determined by the application of a listed peer group earnings multiples to the trailing twelve month (LTM) stand-alone IFRS earnings of the relevant business. As such, the stand-alone IFRS results and developments behind IFRS earnings of our portfolio companies are key drivers in their valuations. Following the Group discussion, we therefore also present IFRS financial statements for each portfolio company and a related brief results discussion.

PORTFOLIO COMPANIES' REVENUE DEVELOPMENT IN JAN-JUL 2020 (AGGREGATED, GEL MILLIONS)[2]



GEORGIA CAPITAL HIGHLIGHTS - (GEL'000) (except for per share information)

Georgia Capital NAV overview[3]	Jun-20	Dec-19	Change
NAV per share, GEL	31.67	46.84	-32.4%
Net Asset Value (NAV)	1,197,503	1,753,868	-31.7%
Total portfolio value	1,826,458	2,253,083	-18.9%
Liquid assets & loans issued	280,071	363,773	-23.0%
Net debt	(632,550)	(493,565)	28.2%

Georgia Capital performance	1H20	1H19	Change
Total portfolio value creation	(482,736)	346,585	NMF
of which, listed businesses	*(297,745)*	*245,817*	*NMF*
of which, private businesses	*(184,991)*	*100,768*	*NMF*
Investments	55,989	63,241	-11.5%
Share buybacks	6,033	59,935	-89.9%
Dividend income	4,927	55,667	-91.1%
Net (loss) income	(564,840)	305,627	NMF
Aggregated revenue, portfolio companies[4]	738,466	683,221	8.1%
Aggregated operating cash flow, portfolio companies[4]	179,774	91,733	96.0%

KEY POINTS

- Rebound in revenues across all portfolio companies from April's lows, resulting in 11% y-o-y aggregated revenue growth[2] in June
- Portfolio company aggregated operating cash flow generation[4] up 96.0% y-o-y to GEL 179.8 million in 1H20 and up 57.7% y-o-y in 2Q20 to GEL 87.7 million
- Aggregated cash balances of portfolio companies at GEL 282 million at 30 June 2020 (GEL 183 million at 31 December 2019)
- NAV per share down 32.4% in 1H20 reflecting negative impact of COVID-19 on listed asset prices and valuations of private assets
  - GEL 298 million decrease in the market value of listed assets (-17.0% impact on NAV per share)
  - GEL 185 million negative value creation in private portfolio (-10.5% impact on NAV per share)
  - Foreign exchange loss of GEL 41 million primarily on GCAP net debt (-2.4% impact on NAV per share)
- On 16 July 2020, a share exchange offer for GHG shareholders was completed and our holding in GHG will reach 100% on 28 August 2020
- On 30 July 2020, GGU issued US$ 250 million 7.75% 5-year green notes – the landmark transaction from Georgia, demonstrating our superior access to capital even during the current challenging times
- On 19 August 2020, GHG signed a Sales and Purchase Agreement to sell a 40% equity interest in one of its lowest ROIC generating hospitals in line with its strategy to divest low-return generating assets

PORTFOLIO COMPANIES' PERFORMANCE HIGHLIGHTS - IFRS (GEL'000)

	1H20	1H19	Change
Revenue, GHG	**472,929**	**471,708**	**0.3%**
Private, late stage	**152,022**	**149,974**	**1.4%**
Revenue, Water Utility	60,769	74,541	-18.5%
Revenue, Housing Development	56,585	39,145	44.6%
Earned premiums, net, P&C Insurance	34,668	36,288	-4.5%
Private, early stage	**96,072**	**55,789**	**72.2%**
Revenue, Renewable Energy	18,886	2,395	NMF
Revenue, Hospitality & Commercial Real Estate	8,964	7,168	25.1%
Revenue, Beverages	54,267	46,226	17.4%
Revenue, Education	13,955	-	NMF
Private, pipeline	**16,031**	**5,304**	**NMF**
Revenue, Auto Service	16,031	5,304	NMF

[2] Aggregated like-for-like y-o-y growth numbers in portfolio companies with controlling stakes, including the revenues generated by schools, Hydrolea HPPs, Qartli wind farm and Amboli before acquisition (acquired in 2H19).
[3] Please see the NAV rollforward on page 8 in NAV Statement, where we present the drivers of change in NAV and portfolio value.
[4] Aggregated stand-alone IFRS operating cash flow and revenue of portfolio companies with controlling stakes: private businesses and GHG (GHG's cash flow excl. IFRS 16).

CHAIRMAN AND CEO'S STATEMENT

I have been greatly impressed by Government of Georgia's extremely well-managed response to the global pandemic and the level of resilience throughout our business portfolio.

Georgia's response to the virus outbreak was rapid, with swift containment measures proving critical in ensuring that Georgia has one of the lowest number of confirmed cases and deaths per capita in Europe. The Government introduced a state of emergency from end-March through end-May, with very strict lockdown measures, when even movement of cars was restricted. However, the lockdown was eased gradually and in mid-July, other than external tourism, the economy was largely re-opened. As a result, the economy's contraction has eased from April, when GDP declined by 16.6% y-o-y, to June, when GDP contraction was 7.7% y-o-y. Strong pre-COVID-19 macroeconomic fundamentals were reflected in the country's 1H20 GDP contraction, which was 5.8% y-o-y. Merchandise trade and money transfers have recovered significantly, with remittances posting 18% y-o-y growth in June and 22% y-o-y growth in July. Local tourism resumed from 15 June, and from the beginning of July, external borders were opened to five EU countries after the Council of EU recognised Georgia as a safe place to visit, among 15 safe travel destinations in the world.

On our end, in response to the COVID-19 impact at the end of 1Q20, we deployed a cash accumulation and preservation strategy, based on the following specific actions: 1) minimising capital investments at the portfolio company level; 2) limiting capital allocations at the GCAP level and 3) introducing opex optimization plans throughout the business, while preserving jobs for our employees. In 2Q20, we made significant progress in all three directions: aggregated 2Q20 development capex of our businesses decreased by 71.8% y-o-y to GEL 30.4 million, while GCAP has not invested capital in 2Q20; GCAP's 2Q20 operating expenses were down 29.7% y-o-y and aggregated 2Q20 operating expenses of our portfolio companies decreased by 17.1% y-o-y. As a result, the aggregated cash balances of our portfolio companies increased to GEL 282 million at 30 June 2020 from GEL 183 million at 31 December 2019. GCAP's liquidity remained high at GEL 280 million at 30 June 2020.

Most of our businesses proved relatively unaffected, while some experienced material impacts in terms of revenues and profitability during the lockdown. At the same time, all maintained healthy balance sheets, focused on cash flow generation, and have demonstrated an impressive recovery in profitability since the beginning of June, and have posted mostly either high single-digit or even double-digit y-o-y monthly revenue growth in June and July. Aggregated revenues across our portfolio companies declined in 2Q20 by 6.2% y-o-y (up 3.1% in 1H20)[5]. However, as the lockdown eased in June, aggregated revenue increased in June and July by 11% and 7%, respectively.[5] I am also pleased to report the strong aggregated cash flow generation of our portfolio companies[6], even in these challenging times, increasing almost two times y-o-y to GEL 179.8 million in 1H20.

While our strong management teams remained focused on the challenges created by the pandemic, we also continued to deliver on our strategic priorities. Firstly, a recommended share exchange offer ("offer") for GHG shareholders was completed on 16 July 2020 and our holding in GHG, a strong free cash flow generative business, is expected to become 100% on 28 August 2020. By taking GHG private, the share of listed assets in our portfolio decreases to c. 20%, which is in line with our strategic priority announced at the investor day last year. Secondly, on 30 July 2020, GGU (the holding company of our water utility and renewable energy businesses) issued US$ 250 million 7.75% 5-year green notes, improving the financial flexibility of GGU and also significantly enhancing its liquidity profile. This landmark transaction - the first-ever green notes issuance from Georgia - once again demonstrated our superior access to capital even during these unprecedented times. Lastly, on 19 August 2020, GHG signed a Sales and Purchase Agreement to sell a 40% equity interest in one of its lowest ROIC generating hospitals ("HTMC") for US$ 12 million in line with its strategy to divest low-return generating assets. I am pleased to announce that this divestment materially improves the healthcare services business ROIC (by 90bps in 2019). GHG intends to use proceeds to reduce its net debt position and improve its leverage ratio, where the cost of GEL-denominated debt is approximately 11.5%. However, another strategic priority, becoming a manager of third-party capital, is currently on hold in light of the COVID-19 outbreak. In addition, the construction of new hotels has been put on hold and we are re-evaluating our commitment to develop the hospitality business in light of the continuing uncertainty as to the effects of COVID-19.

1H20 NAV developments

Our NAV per share (GEL) declined by 32.4% in 1H20 due to the negative impact of COVID-19 on listed asset prices (-17.0% impact on NAV per share) and LTM multiple-based valuations of private assets (-10.5% impact on NAV per share). The NAV per share was further impacted by GEL depreciation against USD by 6.5%, resulting in foreign exchange loss of GEL 41 million primarily on GCAP net debt (-2.4% impact on NAV per share).

Listed businesses

The market value of listed assets decreased by GEL 298 million, of which GEL 203 million was driven by a 34.2% decrease in the BoG share price and GEL 94 million by a 22.1% decrease in the GHG share price. BoG decided against distributing a 2019 dividend to shareholders with the aim to return to a targeted payout ratio range of 25-40% as soon as practically possible. Despite lower utilization levels in our hospitals and clinics during the lockdown, GHG's 1H20 revenues remained flat at GEL 473 million and free cash flow, excluding IFRS 16 impact, was up 114.1% to GEL 71.0 million. While GHG's 1H20 EBITDA excluding IFRS 16 was down 16.3% y-o-y, profitability rebounded and GHG's revenues were up 6.0% y-o-y in June[7].

[5] Aggregated like-for-like y-o-y growth numbers in portfolio companies with controlling stakes, including the revenues generated before acquisition.
[6] Aggregated stand-alone IFRS operating cash flow of portfolio companies with controlling stakes: private businesses and GHG (GHG's cash flow excl. IFRS 16).
[7] GHG's 1H20 results are reported in this announcement on pages 14-17 similar to other private businesses, as GHG was delisted on 5 August 2020 as part of the Offer.

Private businesses

The GEL 185 million negative value creation in 1H20 reflects negative impact of the lockdown on LTM earnings, which was partially mitigated by positive movements in valuation multiples and uplifts from the revaluation of the education and renewable energy businesses.

Our **late stage portfolio** posted GEL 87.6 million negative value creation for the Group:

- Negative value creation at Water Utility was GEL 46 million in 1H20, reflecting the decreased consumption of water by legal entities during the lockdown and decreased energy revenues due to lower water inflows at Zhinvali reservoir. However, water supply revenues started rebounding from June, leading to a 11.7% increase over June 2020 and y-o-y decrease of only 5.5% in July.
- The expected cash inflows from the pipeline housing projects decreased as a result of COVID-19 related uncertainties, leading to GEL 22.0 million negative value creation in 1H20. However, the business' strong project execution resulted in the 1H20 operating cash flow generation of GEL 24.5 million (up from negative GEL 16.7 million in 1H19). Housing Development sold a record high number of 243 apartments in July as the launch of the Government's interest rate subsidy program on mortgage lending kicked in at the beginning of the month.
- A decrease of multiples across P&C Insurance peers led to GEL 19.6 million negative value creation in 1H20, while underlying profitability was largely unaffected by COVID-19.

Our **early stage portfolio** posted GEL 80.9 million negative value creation for the Group in 1H20:

- GEL 110.8 million was attributable to the mark-down of Hospitality & Commercial Real Estate NAV (8% of our total portfolio at 30 June 2020) due to the uncertain outlook for the tourism sector. Operations at the two existing hotels were suspended in mid-March and both hotels are currently rented to the government for quarantine purposes, while the construction of new hotels has been put on hold.
- The beverages business drove negative GEL 32.1 million value creation in 1H20, reflecting the decrease in the wine business' profitability and valuation multiple due to COVID-19, partially offset by a turnaround in the beer business' performance, posting 1H20 operating cash flow of GEL 2.4 million (negative GEL 8.8 million in 1H19) and 1H20 EBITDA at break-even level (negative GEL 6.5 million in 1H19).
- Partially offsetting these negative developments were the results of renewable energy and education businesses, acquired in 2019, which together created GEL 62 million value in 1H20 reflecting strong and resilient 1H20 results despite the pandemic. It was pleasing to see both - renewable energy and education - demonstrating high double-digit revenue growth in 1H20 on like-for-like basis[8]. Renewable Energy revenues are fully covered by a long-term purchase power agreement (PPA) with the Government during Sep-Apr, while the electricity sales price was up 31% y-o-y in May-Jun. The education business successfully transitioned to a distance learning framework during COVID-19, and the Government of Georgia has already announced the reopening of schools from the beginning of September.

Within the **pipeline portfolio**, the auto service business has been negatively affected by decreased economic activities and a suspension of periodic testing during the lockdown, resulting in GEL 14.9 million negative value creation in 1H20. However, the recovery has been better than expected since the lockdown ended, with Amboli revenues growing almost five times y-o-y in July. The number of cars serviced increased and PTI revenues also improved starting from June, rebounding with 19% and 24% y-o-y growth, respectively, in July.

Outlook

From a macroeconomic perspective, there has clearly been a significant negative impact in all areas of the economy but, so far, this has been significantly mitigated by the extensive support packages that have been put in place. The Government has secured US$ 3 billion in funding from international financial organizations for Georgia's public and private sectors, which is expected to be more than sufficient to provide an extra buffer (5.4% of GDP) in case of any ongoing negative economic impacts. The anti-crisis stimulus plan includes a social assistance package for individuals, together with substantial support for businesses, including tax exemptions and various funding mechanisms. The International Monetary Fund (IMF) estimates Georgia's GDP growth will contract by 4% in 2020 and rebound to 4% growth in 2021.

The strength and resilience of our defensive business portfolio has once again been confirmed by the rapid rebound of revenue streams at the end of the lockdown and thereafter. Following the completion of the Offer for GHG shareholders in 3Q20, our private portfolio has been further strengthened with addition of three strong overarching free cash flow generative businesses across Healthcare Services, Pharmacy and Distribution, and Medical Insurance. We expect to apply our private portfolio valuation methodology to each of these three businesses starting from 3Q20 results and have engaged an external worldwide recognized valuation services provider firm to perform the valuation.

Following our prudent capital allocation decisions, including the buyout of minority stake in Renewable Energy and the share exchange offer for GHG shareholders, most of our portfolio is largely concentrated in structurally important, counter-cyclical sectors: Education, Renewable Energy, Water Utility, Insurance, Healthcare Services and Pharmacy and Distribution. Looking ahead, the range of possible outcomes still remains wide, however, we believe that all of our portfolio companies other than the hospitality business, are positioned well to remain resilient.

It has been already almost three months since we returned back to on-site working at GCAP. Overall, we have seen a remarkable response from all of our management and employee teams, supporting not just the business, but also the

[8] Like-for-like y-o-y growth numbers, including the revenues generated by schools, Hydrolea HPPs and Qartli wind farm before acquisition (acquired in 2H19).

country in response to COVID-19. As the largest healthcare provider in the country, GHG has been supporting the Government in dealing with the pandemic. I want to thank our medical staff, who are on the front line of the fight against the spread of the virus. As we continue to face a challenging environment, we remain cautiously optimistic and continue to follow our cash preservation and accumulation strategy across the Group, while also exploring opportunities for attractive investments.

Irakli Gilauri, Chairman and CEO

19 August 2020

DISCUSSION OF RESULTS

Group

The discussion below analyses the Group's net asset value at 30 June 2020 and its income for the six month period then ended on an adjusted IFRS 10 basis (see "Basis of Presentation" above).

Net Asset Value (NAV) Statement (adjusted IFRS)

NAV Statement breaks down NAV into its components and provides roll forward of the related changes between the reporting periods, including a snapshot of the Group's financial position at the opening and closing dates (31 December 2019 and 30 June 2020). Net asset value as disclosed under the NAV statement fully reconciles with IFRS equity value as at 30 June 2020, as disclosed in interim IFRS financial statements on page 54. The valuation methodology of the investments together with the methodology underlying the presentation of the NAV statement is included in 2019 Annual Report. The methodology is unchanged from 31 December 2019, except that given their development, the education and renewable energy businesses were revalued for the first time with the multiple-based methodology we use for our more mature investments as described on page 10. For the NAV Statement for the second quarter of 2020, see page 27.

NAV STATEMENT 1H20

GEL '000, unless otherwise noted	Dec-19	1. Value creation[9]	2a. Investments	2b. Buybacks	2c. Dividends	3.Operating expenses	4. Liquidity/ FX/Other	Jun-20	Change %
Listed Portfolio Companies									
GHG	430,079	(94,412)	-	-	-	-	-	335,667	-22.0%
BoG	597,735	(203,333)	-	-	-	-	-	394,402	-34.0%
Total Listed Portfolio Value	**1,027,814**	**(297,745)**	**-**	**-**	**-**	**-**	**-**	**730,069**	**-29.0%**
Listed Portfolio value change %		***-29.0%***	***-***	***-***	***-***	***-***	***-***	***-29.0%***	
Private Portfolio Companies									
Late Stage	**692,746**	**(87,574)**	**-**	**-**	**-**	**-**	**1,739**	**606,911**	**-12.4%**
Water Utility	483,970	(46,064)	-	-	-	-	1,083	438,989	-9.83%
Housing Development	43,853	(21,958)	-	-	-	-	656	22,551	-48.6%
P&C Insurance	164,923	(19,552)	-	-	-	-	-	145,371	-11.9%
Early Stage	**495,827**	**(80,924)**	**50,553**	**-**	**(4,927)**	**-**	**3,310**	**463,839**	**-6.5%**
Renewable Energy	106,800	37,647	44,350	-	(4,927)	-	847	184,717	73.0%
Hospitality & Commercial RE	245,558	(110,827)	1,136	-	-	-	2,463	138,330	-43.7%
Beverages	87,119	(32,091)	5,035	-	-	-	-	60,063	-31.1%
Education	56,350	24,347	32	-	-	-	-	80,729	43.3%
Pipeline	**36,696**	**(16,493)**	**5,436**	**-**	**-**	**-**	**-**	**25,639**	**-30.1%**
Auto Service	25,757	(14,908)	4,200	-	-	-	-	15,049	-41.6%
Digital Services	8,790	-	-	-	-	-	-	8,790	0.0%
Other	2,149	(1,585)	1,236	-	-	-	-	1,800	-16.2%
Total Private Portfolio Value	**1,225,269**	**(184,991)**	**55,989**	**-**	**(4,927)**	**-**	**5,049**	**1,096,389**	**-10.5%**
Private Portfolio value change %		***-15.1%***	***4.6%***	***-***	***-0.4%***	***-***	***-***	***-10.5%***	
Total Portfolio Value (1)	**2,253,083**	**(482,736)**	**55,989**	**-**	**(4,927)**	**-**	**5,049**	**1,826,458**	**-18.9%**
Total Portfolio value change %		***-21.4%***	***2.5%***	***-***	***-0.2%***	***-***	***-***	***-18.9%***	
Net Debt (2)	**(493,565)**	**-**	**(56,674)**	**(5,746)**	**4,927**	**(8,312)**	**(73,180)**	**(632,550)**	**28.2%**
of which, Cash and liquid funds	211,889	-	(56,674)	(5,746)	4,927	(8,312)	646	146,730	-30.8%
of which, Loans issued	151,884	-	-	-	-	-	(18,543)	133,341	-12.2%
of which, Gross Debt	(857,338)	-	-	-	-	-	(55,283)	(912,621)	6.4%
Net other assets/ (liabilities) (3)	(5,650)	-	685	(287)	-	(6,268)	15,115	3,595	-163.6%
of which, share-based comp.	-	-	-	-	-	*(6,268)*	*6,268*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**1,753,868**	**(482,736)**	**-**	**(6,033)**	**-**	**(14,580)**	**(53,016)**	**1,197,503**	**-31.7%**
NAV change %		***-27.5%***	***-***	***-0.3%***	***-***	***-0.8%***	***-3.0%***	***-31.7%***	
Shares outstanding	37,441,971	-	-	222,956	-	-	147,002	**37,811,929**	**1.0%**
Net Asset Value per share	**46.84**	(12.89)	-	(0.44)		(0.39)	(1.45)	**31.67**	**-32.4%**
NAV per share change %		***-27.5%***	***-***	***-0.9%***	***-***	***-0.8%***	***-3.1%***	***-32.4%***	

NAV per share (GEL) declined by 32.4% in 1H20, mainly reflecting the negative impact of COVID-19 on the valuations of our businesses: reduced valuations of BoG and GHG had a -17.0% impact on NAV per share, while valuations also declined across our private businesses (-10.5% impact on NAV per share). The NAV per share was further impacted by: a) GEL depreciation against USD by 6.5%, resulting in a foreign exchange loss of GEL 41 million on GCAP net debt (-2.4% impact); b) management platform related costs (-0.8% impact); and c) net interest expense (-1.0% impact).

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

Portfolio overview

Our portfolio value was down by 18.9% to GEL 1.8 billion in 1H20, reflecting 29.0% and 10.5% declines in the value of listed and private businesses, respectively. The value of our investment in the listed assets decreased by GEL 298 million during 1H20 reflecting the decrease in the market value of our investments in BoG and GHG. The value of our private portfolio companies decreased by GEL 129 million in 1H20 reflecting GEL 185 million negative value creation, GEL 56 million investments from Georgia Capital and GEL 5 million dividends received from portfolio companies.

1) Value creation

The market value of listed assets decreased by GEL 298 million, of which GEL 203 million was driven by a 34.2% decrease in the BoG share price to GBP 10.70 and GEL 94 million by a 22.1% decrease in the GHG share price to GBP 0.96. The GEL 269 million operating performance-related decrease in the value of our private assets primarily reflects the negative impact of COVID-19 on LTM earnings, which was partially mitigated by positive movements in valuation multiples (GEL 28 million value creation) and the first time valuation of Education and Renewable Energy businesses by applying peer group earnings multiples (GEL 62 million value creation). At 30 June 2020, we consistently applied our LTM multiple-based valuation methodology and the valuations reflect the impact of the lockdown in 2Q20 due to COVID-19, although the underlying operating performances remained solid in 1Q20 and started to gradually recover in the second half of May from April's low. For our private portfolio companies in aggregate, revenue grew y-o-y by 19.7% in 1Q20[10], while aggregated revenue remained flat in 2Q20 y-o-y[10]. However, revenue generation gradually improved at the end of 2Q20 across all private portfolio companies and aggregated revenue grew by 18.9% y-o-y in June[10].

The table below summarises value creation drivers in our businesses in 1H20:

Portfolio Businesses	Operating Performance[11]	Greenfields[12]	Multiple Change and FX[13]	Value Creation
GEL '000	***(1)***	***(2)***	***(3)***	***(1)+(2)+(3)***
Listed				**(297,745)**
GHG				(94,412)
BoG				(203,333)
Private	**(268,932)**	**55,482**	**28,459**	**(184,991)**
Late Stage	**(156,187)**	**-**	**68,613**	**(87,574)**
Water Utility	(130,175)	-	84,111	(46,064)
Housing Development	(24,784)	-	2,826	(21,958)
P&C Insurance	(1,228)	-	(18,324)	(19,552)
Early Stage	**(105,017)**	**57,067**	**(32,974)**	**(80,924)**
Renewable Energy	4,927	32,720	-	37,647
Hospitality & Commercial Real Estate	(101,625)	-	(9,202)	(110,827)
Beverages	(8,319)	-	(23,772)	(32,091)
Education	-	24,347	-	24,347
Pipeline	**(7,728)**	**(1,585)**	**(7,180)**	**(16,493)**
Auto Service	(7,728)	-	(7,180)	(14,908)
Other	-	(1,585)	-	(1,585)
Total portfolio	**(268,932)**	**55,482**	**28,459**	**(482,736)**

Listed businesses (40% of total portfolio value)

GHG (18% of total portfolio value) – While pharmacy and distribution and medical insurance businesses remained resilient during the COVID-19, the lockdown had a negative impact on the hospitals and clinics segments. GHG's 1H20 net cash flows from operating activities excluding the impact of IFRS 16 increased by 63% y-o-y to GEL 90.0 million, with an EBITDA to cash conversion ratio of 144% (74% in 1H19), reflecting strong cash collections in the Hospitals and Clinics businesses. Despite COVID-19, GHG's 1H20 revenues were flat y-o-y at GEL 472.9 million; however, EBITDA excluding the impact of IFRS 16 was down by 16% to GEL 62.6 million. As a result, the Group's return on invested capital reduced by 2.4ppts y-o-y to 9.8% in 1H20, mainly reflecting the decreased hospital bed occupancy rate in 2Q20 due to the lockdown (down 16.3ppts y-o-y and 17.2ppts q-o-q to 43.3%). The occupancy rates improved and revenue rebounded from April's low of GEL 63.7 million to GEL 80.4 million in the month of June (up 6.0% y-o-y). GHG's share price retreated from GBP 1.23 at 31 December 2019 to GBP 0.96 at 30 June 2020. As a result, we had a GEL 94 million negative value creation on our investment in GHG during 1H20. GHG's 2Q20 & 1H20 results are discussed in detail on pages 14-17.

BOG (22% of total portfolio value) – The profitability is significantly challenged by the COVID-19 and BOG's share price decreased during 1H20 by 34.2% to GBP 10.70 at 30 June 2020. As a result, the market value of the Group's equity stake in BOG decreased by GEL 203 million in 1H20. Due to the COVID-19 related uncertainties, BoG has decided against distributing a 2019 dividend to shareholders; however, BoG's dividend policy remains unchanged, and the Bank plans to return to a targeted payout ratio range of 25-40% as soon as practically possible. National Bank of Georgia introduced capital adequacy and liquidity initiatives that allow banks to use existing regulatory capital buffers to support the economy through ongoing lending operations during COVID-19. BoG's public announcement on 2Q20 and 1H20 results is available at https://bankofgeorgiagroup.com/results/earnings.

[10] Like-for-like y-o-y growth numbers, including the revenues generated by schools, Hydrolea HPPs and Qartli wind farm (acquired in 2H19) in the comparable periods.
[11] Change in the fair value attributable to the change in actual or expected earnings of the business, as well as the change in net debt.
[12] The difference between fair value and acquisition price in the first reporting period in which the business/greenfield project is no longer valued at acquisition price/cost.
[13] change in the fair value attributable to the change in valuation multiples (or capitalization rates) and the effect of exchange rate movement on net debt.

Private late stage businesses (33% of total portfolio value)

Water Utility (24% of total portfolio value) – Water Utility's performance was negatively affected by shrinking economic activities during the COVID-19 lockdown. The business's valuation as of 30 June 2020 reflects: a) decreased consumption of water by legal entities in 2Q20 (down 18.0% y-o-y to GEL 35.5 million in 1H20) and b) decreased energy revenues due to lower water inflows at Zhinvali reservoir in 1H20 (down 71.4% y-o-y to GEL 2.4 million in 1H20). The water sales to legal entities already improved starting from the month of June and seem to be gradually normalizing to last year's levels. The 11.0% decrease in the Water Utility's LTM EBITDA contributed to approximately GEL 92.2 million decline in Enterprise Value (EV) in 1H20, which was partially offset by positive impact from multiple increase to 9.8 at 30 June 2020 from 8.8 at 31 December 2019. The valuation was further impacted by net debt widening of GEL 37.4 million, as the business attracted funding from international and local banks to finance its capital investments throughout the year. As a result, value creation was negative GEL 46.1 million in 1H20.

Housing Development (1% of total portfolio value) – The profitability was negatively impacted by COVID-19; however, cash flow generation remained strong in 1H20. Housing Development is valued at GEL 22.6 million using the discounted cash flow method. The cost of equity increased and the expected cash inflows from the pipeline projects decreased as a result of COVID-19 related uncertainties (which have led to some projects being cancelled), leading to GEL 22.0 million negative value creation in 1H20. Despite COVID-19, the business sold apartments totalling 14,251 sq.m. with US$ 11.8 million sales value in the ongoing Digomi project and reached 59% sales progress (based on sales value) in 1H20. The business sold 126 apartments with US$ 5.4 million sales value during Mar-Apr, of which, 99% was collected in cash. As a result, operating cash flow rebounded to GEL 24.5 million in 1H20 (up from negative GEL 16.7 million in 1H19).

P&C Insurance (8% of total portfolio value) - The profitability was largely unaffected by COVID-19. The LTM net income and 1H20 combined ratio remained almost flat in 1H20 at GEL 18.2 million (down 0.8% y-o-y) and at 80.3% (80.2% in 1H19), respectively. However, the multiple decrease from 9.0 to 8.0 led to GEL 18.3 million negative value creation in 1H20, as multiples decreased across all peer group companies. As a result, valuation decreased by GEL 19.6 million in 1H20.

Private early stage businesses (25% of total portfolio value)

Renewable Energy (10% of total portfolio value) - The business was resilient towards the COVID-19 outbreak, as up to 80% of electricity sales during 1H20 were covered by long-term purchase power agreement (PPAs). Renewable Energy's 1H20 EBITDA of GEL 14.1 million mainly reflects the strong performance of high-quality renewable assets acquired in 4Q19 and valued for the first time in 1H20 by applying peer group earnings multiples. Hydrolea HPPs and Qartli wind farm were valued using run-rate EBITDA earnings and related EV/EBITDA multiple, resulting in GEL 32.7 million value creation (previously the investments had been valued at acquisition price). In addition, Qartli wind farm paid GEL 4.9 million dividend to GCAP and as such, a total of GEL 37.6 million in value was created in 1H20 from successful acquisitions.

Hospitality & Commercial Real Estate (8% of total portfolio value) – Hospitality & Commercial Real Estate is the business most affected by COVID-19 across our portfolio. The business's NAV valuation led to GEL 110.8 million negative value creation in 1H20, reflecting the COVID-19 related uncertainties for tourism and real estate sectors. The two operational and five under construction hotels were marked down in value driving US$ 25.6 million (GEL 78.2 million) negative value creation, while the increased in required yield for office spaces resulted in US$ 4.7 million (GEL 14.4 million, 10.9%) decrease in the commercial real estate portfolio in 1H20. In light of the COVID-19 outbreak, operations at the existing two hotels were suspended since mid-March and construction of new hotels was put on hold.

Beverages (3% of total portfolio value) – COVID-19 had a negative impact on the wine business's profitability, while the beer business remained resilient in 1H20. Despite keeping volume sales flat, wine revenues fell by 12.6% y-o-y in 1H20, reflecting local sales' decline and lower average selling prices on the export markets. As a result, the value creation from operating performance of the wine business was negative GEL 8.3 million. The foreign exchange losses on the beverages business's borrowings and an EV/EBITDA multiple decrease for the wine business from 10.0 to 8.3 in 1H20 led to a negative GEL 24 million value creation. The result was negative GEL 32.1 million negative value creation in the beverages business.

Education (4% of total portfolio value) – The profitability was largely unaffected by the COVID-19. Education was valued using LTM EV/EBITDA methodology at GEL 80.7 million at 30 June 2020 (previously the business had been valued at acquisition price). GCAP invested GEL 56.4 million in 2019 mainly in the acquisitions of majority stakes in three leading schools: British-Georgian Academy (70% stake), the leading school in the premium segment of the market; Buckswood International School (80% stake), well-positioned in the mid-level segment and Green School (80%-90% ownership[14]), a leading player in the affordable education segment. As a result of stable operating performance across all three schools, the business created GEL 24.3 million value in 1H20 from the first time valuation by applying peer group earnings multiples.

Pipeline businesses (2% of total portfolio value, of which, 1.2% represents other individually minor pipeline investments)

Auto Service (0.8% of total portfolio value) – Performance was negatively affected by decreased economic activity and a suspension of the periodic testing requirement during the COVID-19 lockdown. Auto Service combines the periodic technical inspection business valued at GEL 5.8 million and Amboli, car parts & services business, valued at acquisition price of GEL 9.2 million at 30 June 2020. In light of the COVID-19, the PTI business was valued using adjusted EBITDA earnings of GEL 6.2 million (down from GEL 6.7 million used for YE19 valuation) and an EV/EBITDA multiple of 9.8 (down from 10.4 at

[14] 80% equity stake in the current campus and 90% equity stake in three new schools that will be developed under Green School brand.

YE19), resulting in the GEL 14.9 million negative value creation in 1H20. However, number of cars serviced increased and PTI revenues improved by the end of the lockdown starting from June. The trend continued in July, where number of primary car checks was up 19.4% y-o-y to 31,392 and revenue was up 24.5% y-o-y to GEL 1.7 million.

2) Investments

During 1H20, we invested GEL 56 million across our portfolio before the COVID-19 outbreak in 1Q20. During the pandemic we implemented a cash accumulation and preservation strategy and put our capital allocations on hold and expect to make only limited investments until the end of 2020. The following capital allocations were made in 1Q20:

- GEL 44.4 million was allocated to **Renewable Energy**, of which, GEL 38.7 million was for the buyout of the minority shareholder in February 2020 and GEL 5.6 million for the development of pipeline Zoti HPP.
- GEL 5.0 million was allocated to **Beverages** to finance working capital needs of the beer business.
- GEL 4.2 million was allocated to **Auto Service**, mainly for the buyout of 10% ownership in Amboli, increasing GCAP's equity stake to 90%.

3) Dividends

In 1H20, Georgia Capital collected GEL 4.9 million dividends from recently acquired Qartli Wind farm. Due to COVID-19 related uncertainties, Bank of Georgia and GHG will not be distributing 2019 dividends to their shareholders. Dividend payments were also deferred from the late stage private portfolio companies, which we expect to collect in 2H20 in line with the improved profitability from Jun-20.

Valuations of our holdings in portfolio companies reflecting value creation and capital allocation activities discussed above are summarized in the following table:

Amounts in GEL '000	Valuation method	Fair value 30-Jun-20	Fair value 31-Dec-19	Change	Change %
Listed portfolio *(1)*		**730,069**	**1,027,814**	**(297,745)**	**-29.0%**
GHG	Public markets	335,667	430,079	(94,412)	-22.0%
BoG	Public markets	394,402	597,735	(203,333)	-34.0%
Private portfolio *(2)=(a)+(b)+(c)*		**1,096,389**	**1,225,269**	**(128,880)**	**-10.5%**
Private late stage portfolio *(a)*		**606,911**	**692,746**	**(85,835)**	**-12.4%**
Water Utility	EV/EBITDA LTM[15]	438,989	483,970	(44,481)	-9.3%
Housing Development	DCF	22,551	43,853	(21,302)	-48.6%
P&C Insurance	P/E (LTM)	145,371	164,923	(19,552)	-11.9%
Private early stage portfolio *(b)*		**463,839**	**495,827**	**(31,988)**	**-6.5%**
Renewable Energy	Sum of the parts (EV/EBITDA and acquisition price)	184,717	106,800	77,917	73.0%
Hospitality & Commercial RE	NAV[16]	138,330	245,558	(107,228)	-43.7%
Beverages	EV/EBITDA (LTM) – wine; EV/Sales (LTM) – beer;	60,063	87,119	(27,056)	-31.1%
Education	EV/EBITDA	80,729	56,350	24,379	43.3%
Private pipeline *(c)*		**25,639**	**36,696**	**11,057**	**-30.1%**
Auto Service	EV/EBITDA[17]	15,049	25,757	(10,708)	-41.6%
Digital Services	At acquisition price	8,790	8,790	-	0.0%
Other	At cost	1,800	2,149	(349)	-16.2%
Total portfolio value *(3)=(1)+(2)*		**1,826,458**	**2,253,083**	**(426,625)**	**-18.9%**

Net debt overview

Net debt increased by GEL 139 million to GEL 633 million in 1H20, with the increase being driven primarily by GEL 56 million cash investments and by foreign exchange loss of GEL 41 million. GCAP cash operating expenses of GEL 8 million, management trust buybacks of GEL 5.7 million and net interest expense of GEL 23 million also contributed to the widening of net debt. *Below we describe the components of net debt as at 30 June 2020 and at 31 December 2019:*

	30-Jun-20	31-Dec-19	Change
Cash at banks	85,667	118,458	-27.7%
Internationally listed debt securities	43,811	69,712	-37.2 %
Locally listed debt securities	17,251	23,719	-27.3%
Loans issued	133,341	151,884	-12.2%
Total Cash and liquid funds (a)	**280,071**	**363,773**	**-23.0%**
Gross Debt (b)	**(912,621)**	**(857,338)**	**6.4%**
Net debt (a)+(b)	**(632,550)**	**(493,565)**	**28.2%**

Cash and liquid funds. At 30 June 2020, cash and liquid funds were allocated in internationally and locally listed debt securities. Internationally listed debt securities include Eurobonds issued by Georgian corporates. Locally listed debt securities are local bonds issued by Georgian corporates, which are listed and traded on the Georgian Stock Exchange.

At 30 June 2020, the issued loan balance primarily refers to loans issued to portfolio companies, which are on-lent at market terms. During 1H20, we collected GEL 37 million net cash from the repayment of loan issued to BoG's holding company as part of the demerger, leading to a 12% decrease in the issued loan balance.

[15] LTM refers to Last Twelve Months, NTM refers to Next Twelve Months.
[16] NAV for the hospitality & commercial real estate business refers to IFRS 13 FV measurement methodology.
[17] Amboli, recently acquired auto service industry player, is stated at acquisition price.

Gross debt At 30 June 2020 the outstanding balance of US$ 300 million six-year Eurobonds due in March 2024 was GEL 913 million, reflecting foreign exchange loss of GEL 51 million from GEL depreciation against USD during 1H20[18]. Gross debt balance further increased by GEL 30 million coupon accrual[18], which was offset by GEL 25 million coupon payment[18] in 1H20.

Income Statement (adjusted)

The adjusted income statement presents the Group's results of operations for the period ending June 30 as an aggregation of (i) the results of GCAP (the two holding companies Georgia Capital PLC and JSC Georgia Capital, taken together) and (ii) the fair value change in the value of portfolio companies during the reporting period. For details on the methodology underlying the preparation of management income statement, please refer to page 90 in Georgia Capital PLC 2019 Annual report. *A reconciliation of the adjusted income statement, which is an APM, to the IFRS income statement is provided on page 13.*

INCOME STATEMENT (ADJUSTED)

GEL '000, unless otherwise noted	1H20	1H19	Change
Dividend income	4,927	55,667	-91.1%
Interest income	11,816	21,868	-46.0%
Realised / unrealised (loss)/ gain on liquid funds	(4,577)	5,297	NMF
Interest expense	(30,180)	(25,892)	16.6%
Gross operating (loss)/income	**(18,014)**	**56,940**	**NMF**
Operating expenses	(14,580)	(16,609)	-12.2%
GCAP net operating (loss)/income	**(32,594)**	**40,331**	**NMF**
Fair value changes of portfolio companies			
Listed portfolio companies	**(297,745)**	**216,885**	**NMF**
Of which, Georgia Healthcare Group PLC	(94,412)	141,081	NMF
Of which, Bank of Georgia Group PLC	(203,333)	75,804	NMF
Private portfolio companies	**(189,918)**	**74,034**	**NMF**
Late Stage	**(87,574)**	**52,948**	**NMF**
Of which, Water Utility	(46,064)	28,689	NMF
Of which, Housing Development	(21,958)	(6,626)	NMF
Of which, P&C Insurance	(19,552)	30,885	NMF
Early Stage	**(85,851)**	**5,424**	**NMF**
Of which, Renewable energy	32,720	-	NMF
Of which, Hospitality & Commercial Real Estate	(110,827)	7,087	NMF
Of which, Beverages	(32,091)	(1,663)	NMF
Of which, Education	24,347	-	NMF
Pipeline businesses	**(16,493)**	**15,662**	**NMF**
Of which, Auto Service	(14,908)	15,662	NMF
Of which, other	(1,585)	-	NMF
Total investment return	**(487,663)**	**290,920**	**NMF**
(Loss)/Income before foreign exchange movements and non-recurring expenses	**(520,257)**	**331,251**	**NMF**
Net foreign currency loss	(41,361)	(25,624)	61.4%
Non-recurring expenses	(3,222)	-	NMF
Net (loss)/Income	**(564,840)**	**305,627**	**NMF**

1H20 *Gross operating loss* of GEL 18.0 million reflects decreased dividend inflows due to COVID-19 related uncertainties. GCAP earned an average yield of 7.5% on the average balance of liquid assets and issued loans of GEL 312.8 million in 1H20 (7.6% on GEL 578.6 million in 1H19). The coupon on the 6-year US$ 300 million bond, issued in Mar-18, is 6.125%. As a result, *net interest expense* was GEL 23.0 million in 1H20 at GCAP level.

GCAP management fee expenses have a targeted cap of 2% of Georgia Capital's market capitalisation. LTM management fee expense ratio was 2.1% at 30 June 2020 (up from 1.5% in 1H19). Total LTM operating expense ratio including fund type expenses was 2.9% in 1H20 (up from 2.0% in 1H19). 1H20 expense ratio reflects the negative impact of COVID-19 on Georgia Capital PLC's share price. The components of GCAP's operating expenses are presented in the table below:

GEL '000, unless otherwise noted	1H20	1H19	Change
Administrative expenses[19]	(4,910)	(5,477)	-10.4%
Management expenses - cash-based[20]	(3,402)	(4,091)	-16.8%
Management expenses - share-based[21]	(6,268)	(7,041)	-11.0%
Total operating expenses	**(14,580)**	**(16,609)**	**-12.2%**
Of which, fund type expense[22]	(4,539)	(3,917)	15.9%
Of which, management fee[23]	(10,041)	(12,692)	-20.9%

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total negative investment return of GEL 488 million and dividend income of GEL 4.9 million together led to GEL 483 million negative value creation in 1H20 as presented in the NAV statement. We discuss valuation drivers for each business on pages 9-10 and the performance of each businesses excluding BoG is discussed on pages 14-25.

[18] FX, coupon payment and coupon accrual are included in Liquidity Management /FX/Other column in NAV statement.
[19] Includes expenses such as external audit fees, legal counsel, corporate secretary and other similar administrative costs.
[20] Cash-based management expenses are cash salary and cash bonuses paid/accrued for staff and management compensation.
[21] Share-based management expenses are share salary and share bonus expenses of management and staff.
[22] Fund type expenses include expenses such as audit fees, fees for legal advisors, Board compensation and corporate secretary costs.
[23] Management fee is the sum of cash-based and share-based management expenses.

The Group's *net income* is then driven by net foreign currency loss of GEL 41.3 million during 1H20, reflecting the impact of GEL devaluation against US dollar on GCAP's net foreign currency liability balance amounting to c. US$ 222 million (GEL 679 million) at 30 June 2020. As a result of the movements described above, GCAP's *net loss* on an adjusted basis was GEL 564.8 million in 1H20.

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

GEL '000, unless otherwise noted	Income statement (Adjusted)	Adjustment	IFRS income statement
Dividend income	4,927	*(4,927)*	-
Interest income	11,816	*(11,816)*	-
Realised / unrealised (loss)/ gain on liquid funds	(4,577)	*4,577*	-
Interest expense	(30,180)	*30,180*	-
Gross operating (loss)/income	**(18,014)**	***18,014***	-
Operating expenses	(14,580)	*10,890*	*(3,690)*
GCAP net operating (loss)/income	**(32,594)**	***28,904***	***(3,690)***
Total investment return / gross investment loss	**(487,663)**	***(62,929)***	***(550,592)***
(Loss)/Income before foreign exchange movements and non-recurring expenses	**(520,257)**	***(34,025)***	***(554,282)***
Net foreign currency loss	(41,361)	*41,165*	*(196)*
Non-recurring expenses	(3,222)	*3,222*	-
Net (loss)/Income	**(564,840)**	***10,362***	***(554,478)***

PORTFOLIO COMPANIES (STAND-ALONE IFRS)

The following sections present the IFRS results and business development derived from the individual business unit IFRS accounts for GHG and each of the late stage and early stage portfolio companies. For each portfolio company we present key IFRS financial highlights, operating metrics and ratios along with the commentary explaining the developments behind the numbers. For the majority of our portfolio companies the fair value of our equity investment is determined by the application of a listed peer group earnings multiples to the trailing twelve month (LTM) stand-alone IFRS earnings of the relevant business. As such, the stand-alone IFRS results and developments behind IFRS earnings of our portfolio companies are key drivers in their valuations. See "Basis of Presentation" for more background.

Georgia Capital's holding of GHG equity shares increased from 70.6% to 97.41% on 16 July 2020 following the completion of a recommended share exchange offer ("Offer"), whereby Georgia Capital PLC exchanged one of its shares for five shares in GHG. Further details of the transaction are available at the following link: https://georgiacapital.ge/ir/offer-ghg. Following the compulsory acquisition of remaining shares on 28 August 2020, Georgia Capital will own 100% in GHG. Cancellation of listing and trading of GHG shares took effect on 5 August 2020. As such, starting from 1H20 results announcement, Georgia Capital is reporting GHG's stand-alone results in accordance with its existing disclosure practices for the private portfolio companies (in the Group results its NAV continues to be its market value based on its share price).

1. Georgia Healthcare Group (GHG)

(70.6% ownership[4])

Business description

GHG is the largest and the only fully integrated healthcare service provider in the fast-growing predominantly privately-owned healthcare ecosystem in Georgia, which represents an annual aggregated market of GEL 3.8 billion. GHG is comprised of three business lines: healthcare services (hospitals, clinics and diagnostics), pharmacy and distribution and medical insurance.

GCAP **owned 70.6%** in GHG as of 30 June 2020.

GEL millions, unless otherwise noted

Key Highlights	**1H20**	**1H19**	**Change**
LTM Revenue	961.8	900.3	6.8%
LTM EBITDA, excl IFRS 16	142.0	144.4	-1.7%
LTM development capex	26.1	30.1	-13.2%
LTM maintenance capex	11.4	13.7	-16.6%
LTM FCF, excl IFRS 16	115.1	58.6	96.6%
LTM Cash from operations, excl IFRS 16	160.0	110.5	44.8%
Net debt	290.1	341.7	-15.1%

Key performance metrics

Net investment	116.3
1H20 dividend	-
LTM ROIC[1]	9.2%
MOIC[1]	1.9
IRR[1]	21.3%

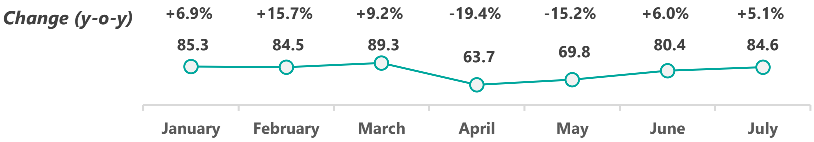
(1) Please see definitions on page 28.
(2) The detailed IFRS financial statements of GHG is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(3) Free cash flow is calculated as follows: cash flow from operating activities less cash used in investing activities.
(4) GCAP's holding in GHG increased to 97.4% on 16 July 2020 as part of the Offer.
(5) The reconciliation of IFRS 16 adjusted measures to IFRS measures is provided on page 26.

1H20 performance – consolidated *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[2,5]	1H20	1H19	Change, Y-o-Y	2Q20	2Q19	Change, Y-o-Y
Revenue	**472,929**	**471,708**	**0.3%**	**213,833**	**237,055**	**-9.8%**
Of which, Healthcare services	*146,824*	*169,954*	*-13.6%*	*64,844*	*84,715*	*-23.5%*
Of which, Pharmacy and distribution	*318,840*	*295,193*	*8.0%*	*143,811*	*149,414*	*-3.7%*
Of which, Medical Insurance	*34,559*	*36,366*	*-5.0%*	*16,491*	*18,873*	*-12.6%*
Of which, Eliminations	*(27,294)*	*(29,805)*	*-8.4%*	*(11,313)*	*(15,947)*	*-29.1%*
Gross Profit	**146,834**	**150,048**	**-2.1%**	**67,440**	**73,892**	**-8.7%**
Operating expenses excluding IFRS 16	(84,264)	(75,272)	11.9%	(41,149)	(36,527)	12.7%
EBITDA excluding IFRS 16	**62,570**	**74,776**	**-16.3%**	**26,291**	**37,365**	**-29.6%**
Of which, Healthcare services	*25,918*	*42,102*	*-38.4%*	*8,977*	*20,816*	*-56.9%*
Of which, Pharmacy and distribution	*33,628*	*30,908*	*8.8%*	*15,042*	*15,347*	*-2.0%*
Of which, Medical Insurance	*3,024*	*1,785*	*69.4%*	*2,275*	*1,223*	*86.0%*
Of which, Eliminations	*-*	*(19)*	*NMF*	*(3)*	*(21)*	*-85.7%*
Net profit excluding IFRS 16	**11,349**	**31,292**	**-63.7%**	**11,289**	**13,019**	**-13.3%**
Of which, attributable to the shareholders of the company	*2,080*	*20,278*	*-89.7%*	*5,443*	*8,281*	*-34.3%*
CASH FLOW HIGHLIGHTS[2,5]						
Cash flow from operating activities excluding IFRS 16	**89,998**	**55,170**	**63.1%**	**46,805**	**28,935**	**61.8%**
Of which, Healthcare services	*53,613*	*21,158*	*153.4%*	*20,725*	*9,086*	*128.1%*
Of which, Pharmacy and distribution	*33,376*	*30,892*	*8.0%*	*24,304*	*17,449*	*39.3%*
Of which, Medical Insurance	*3,010*	*3,121*	*-3.6%*	*1,777*	*2,401*	*-26.0%*
EBITDA to cash conversion	143.8%	73.8%	+70ppts	178.0%	77.4%	+101ppts
Cash flow used in investing activities	**(18,981)**	**(22,007)**	**-13.8%**	**(4,383)**	**(7,871)**	**-44.3%**
Of which, capex	*(16,245)*	*(20,665)*	*-21.4%*	*(6,502)*	*(11,160)*	-41.7%
Free cash flow, *excluding IFRS 16*[3]	**71,017**	**33,163**	**114.1%**	**42,422**	**21,064**	**101.4%**
Cash flow from financing activities excluding IFRS 16	**14,874**	**(53,923)**	**NMF**	**9,659**	**(21,527)**	NMF
Net Proceeds from borrowings	32,633	(29,094)	NMF	16,602	(8,083)	NMF
Cash and cash equivalents, ending balance	**120,039**	**27,207**	**NMF**	**120,039**	**27,207**	**NMF**
BALANCE SHEET HIGHLIGHTS[2]	Jun-20	Dec-19	Change			
Total assets	**1,428,717**	**1,351,207**	**5.7%**			
Property, plant and equipment	663,405	671,658	-1.2%			
Goodwill and other intangible assets	165,786	162,247	2.2%			
Receivables from healthcare services	99,183	130,212	-23.8%			
Receivables from sale of pharmaceuticals	16,951	17,508	-3.2%			
Inventory	188,606	174,462	8.1%			
Total liabilities	**835,192**	**748,933**	**11.5%**			
Long-term borrowings	414,540	363,585	14.0%			
Accounts payable	144,975	128,700	12.6%			
Total equity	**593,525**	**602,274**	**-1.5%**			

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*

Revenue



KEY POINTS

- Strong operating cash flow generation, up 63.1% y-o-y in 1H20, excluding IFRS 16 impact, with 143.8% EBITDA to cash conversion ratio
- Free cash flow excluding IFRS 16, up 114.1% to GEL 71.0 million
- Despite the pandemic effects y-o-y revenue remained stable, up 30 bps y-o-y in 1H20 to GEL 472.9 million
- Improved leverage profile, with net debt down 15.1% y-o-y, from GEL 341.7 million to GEL 290.1 million

INCOME STATEMENT HIGHLIGHTS

Despite the evolving COVID-19 pandemic and lockdown restrictions in Georgia during Mar-Jun period, GHG's revenues were up 0.3% y-o-y in 1H20. The growth reflects the strong performance in the pharmacy and distribution business, primarily during 1Q20. The business has been more resilient throughout the pandemic, as the pharmacies remained open throughout Georgia during the lockdown. At the same time, the number of total admissions at hospitals and clinics significantly decreased, leading to 13.6% y-o-y decline in the 1H20 revenues from the healthcare services business. Since the beginning of June, after the Government started lifting the restrictions, we see a continuing rebound of the healthcare services business revenues. We discuss in details the performance of each business line on pages 15-17.

In 1H20, GHG's revenue distribution across its businesses was: 54% from Pharmacy and Distribution, 41% from the Healthcare Services business and 5% from Medical Insurance. By payer mix, 57% of the Group's total revenue was from out-of-pocket payments; 21% from UHC payments; and 22% from other sources.

GHG's gross profit margin was down 80bps y-o-y in 1H20, reflecting the 4.5ppts decrease in the margin of the healthcare services business, which was mostly offset by the increased margins in Pharmacy and Distribution and Medical Insurance. In addition to COVID-19, the healthcare services business was affected by the new regulation on tariff reduction for certain medical services, effective since November 2019. GHG's operating leverage was negative 14.0% in 1H20, reflecting the increased expenses at the healthcare services business due to the pandemic. As a result, 1H20 EBITDA was down 16.3% y-o-y excluding IFRS16. In 2Q20 all GHG segments managed to reduce its funding costs over 1Q20 and overall, GHG's interest expense, excluding IFRS 16, was down 7.4% q-o-q.

BALANCE SHEET HIGHLIGHTS

Strong cash collection by the hospitals and the clinics segments reduced the balance of receivables from the healthcare services. The increased balance of inventory and payables relates to the stock-up in pharmacy and distribution business, to ensure that the business has enough medicines and major consumables in the country, in case of a significant virus outbreak. In Mar-20, GHG secured a new USD 25 million loan facility from EBRD, to provide additional contingent liquidity at holding level as well as for its businesses. As of 30 June 2020, USD 11.5 million was withdrawn out of the total EBRD loan, increasing balance of borrowed funds. However, overall GHG improved its net debt position following strong cash flow generation and in 1H20 the leverage was down 15.1% y-o-y.

CASH FLOW HIGHLIGHTS

GHG delivered strong cash flows from operating activities, up 63.1% y-o-y in 1H20 excluding IFRS 16 impact with EBITDA to cash conversion ratio of 143.8%. This together with reduced capex investments and inflow from proceeds resulted in GHG's solid cash position, with GEL 120 million cash and cash equivalents balance as of 30 June 2020.

1. GHG (cont'd)

Healthcare Services

(70.6%[2] ownership)

Business description

GHG is the single largest market participant in the healthcare services industry, accounting for more than 23% of the country's total hospital bed capacity, as of 30 June 2020. Through its vertically integrated network of hospitals and clinics, the healthcare services business offers the most comprehensive range of inpatient and outpatient services, targeting the entire country's population and beyond.

Hospitals segment operates 18 referral hospitals with a total of 2,967 beds, providing secondary or tertiary level healthcare services, located in Tbilisi and major regional cities.

Clinics segment operates 34 healthcare facilities: a) 19 community clinics with a total of 353 beds, providing outpatient and basic inpatient healthcare services, located in regional towns and municipalities; b) 15 polyclinics, providing outpatient diagnostic and treatment services, located in Tbilisi and major regional cities.

In December 2018, GHG opened the largest diagnostics laboratory in the entire Caucasus region – Mega Laboratory ("Mega Lab").

GCAP **owned 70.6%[2]** in the healthcare services business as of 30 June 2020.

GEL millions, unless otherwise noted

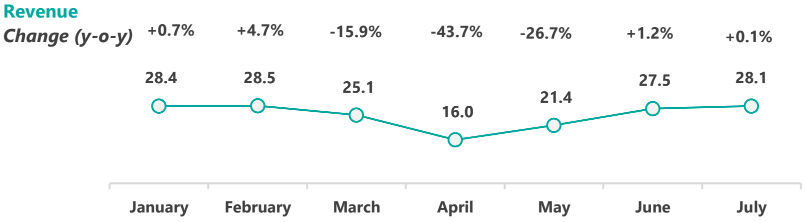
Key Highlights	**1H20**	**1H19**	**change**
LTM Revenue	310.1	322.7	-3.9%
LTM EBITDA, excl. IFRS 16	67.6	80.8	-16.3%
LTM development capex	20.9	25.9	-18.1%
LTM maintenance capex	7.9	10.6	-25.9%
LTM FCF, excl. IFRS 16	62.4	26.7	133.9%
LTM operating cash, excl. IFRS 16	96.5	62.9	53.5%
Net debt	258.5	286.1	-9.6%

(1) The detailed IFRS financial statements of GHG is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(2) GCAP's holding in the healthcare services business increased to 97.4% on 16 July 2020 as part of the Offer.
(3) The reconciliation of IFRS 16 adjusted measures to IFRS measures is provided on page 26.

1H20 performance *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[1,3]	**1H20**	**1H19**	**Change, Y-o-Y**	**2Q20**	**2Q19**	**Change, Y-o-Y**
Consolidated						
Revenue, net	**146,824**	**169,954**	**-13.6%**	**64,844**	**84,715**	**-23.5%**
Gross Profit	**55,832**	**72,031**	**-22.5%**	**24,328**	**35,651**	**-31.8%**
Gross profit margin	*37.6%*	*42.1%*	*-4.5ppts*	*37.2%*	*41.8%*	*-4.6ppts*
Operating expenses excluding IFRS 16	(29,914)	(29,929)	-0.1%	(15,351)	(14,835)	3.5%
EBITDA excluding IFRS 16	**25,918**	**42,102**	**-38.4%**	**8,977**	**20,816**	**-56.9%**
EBITDA margin, excluding IFRS 16	*17.5%*	*24.6%*	*-7.1ppts*	*13.7%*	*24.4%*	*-10.7ppts*
Net (loss)/profit excluding IFRS 16	**(11,841)**	**9,440**	**NMF**	**(6,875)**	**3,783**	**NMF**
Hospitals						
Revenue, net	**125,350**	**147,998**	**-15.3%**	**55,380**	**73,686**	**-24.8%**
Gross Profit	**46,100**	**62,337**	**-26.0%**	**19,878**	**31,046**	**-36.0%**
Gross profit margin	*36.4%*	*41.8%*	*-5.4ppts*	*35.6%*	*41.8%*	*-6.2ppts*
Operating expenses excluding IFRS 16	(23,644)	(24,335)	-2.8%	(12,170)	(12,206)	-0.3%
EBITDA excluding IFRS 16	**22,456**	**38,002**	**-40.9%**	**7,708**	**18,840**	**-59.1%**
EBITDA margin, excluding IFRS 16	*17.7%*	*25.5%*	*-7.8ppts*	*13.8%*	*25.4%*	*-11.6ppts*
Net loss/profit excluding IFRS 16	**(9,758)**	**10,053**	**NMF**	**(5,399)**	**4,186**	**NMF**
Clinics						
Revenue, net	**21,238**	**21,814**	**-2.6%**	**9,206**	**10,804**	**-14.8%**
Gross Profit	**9,373**	**9,347**	**0.3%**	**4,113**	**4,581**	**-10.2%**
Gross profit margin	*43.7%*	*42.5%*	*1.2ppts*	*44.1%*	*42.1%*	*2.0ppts*
Operating expenses excluding IFRS 16	(5,767)	(5,364)	7.5%	(2,892)	(2,674)	8.1%
EBITDA excluding IFRS 16	**3,606**	**3,983**	**-9.5%**	**1,221**	**1,907**	**-36.0%**
EBITDA margin excluding IFRS 16	*16.8%*	*18.1%*	*-1.3ppts*	*13.1%*	*17.5%*	*-4.4ppts*
Net loss excluding IFRS 16	**(1,640)**	**(586)**	**NMF**	**(1,372)**	**(398)**	**NMF**
CASH FLOW HIGHLIGHTS[1,3]						
Cash flow from operating activities excluding IFRS 16	**53,613**	**21,158**	**153.4%**	**20,725**	**9,086**	**128.1%**
EBITDA to cash conversion	*206.9%*	*50.3%*	*156.6ppts*	*230.9%*	*43.6%*	*187.2ppts*
Cash flow used in investing activities	**(20,278)**	**(10,849)**	**86.9%**	**(13,821)**	**(3,477)**	**297.5%**
Of which, capex	(13,689)	(17,383)	-21.3%	(5,472)	(9,345)	-41.4%
Free cash flow, *excluding IFRS 16*	**33,335**	**10,309**	**223.4%**	**6,904**	**5,609**	**23.1%**
Cash flow from financing activities excluding IFRS 16	**567**	**(25,179)**	**NMF**	**13,623**	**(10,446)**	**NMF**
Net Proceeds from borrowings	10,447	(7,510)	NMF	16,847	(177)	NMF
Cash and cash equivalents, ending balance	**41,958**	**3,277**	**NMF**	**41,958**	**3,277**	**NMF**

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*



KEY POINTS

- Rebounding revenue and EBITDA trend in June at the healthcare services business
  - Revenue up 28.6% in June 2020 over May 2020; up 1.2% y-o-y in June 2020
- Cash flow from operating activities (excl. IFRS 16) up 153.4% y-o-y in 1H20

INCOME STATEMENT HIGHLIGHTS

Restrictions imposed related to the pandemic (lock-down, etc.) had a major impact on the hospitals and clinics segments, resulting in a reduction in patient footfall, both in terms of lower emergency treatment requirements, and the cancellation of many elective and outpatient care procedures during the lockdown. This reduction led to utilisation levels falling by c.45% in the hospitals and c.40% in the clinics in Mar-May period, y-o-y, affecting the 1H20 revenue growth. In line with the country's reopening plan, since June revenue started to rebound and the number of admissions at hospitals and clinics were up in June by c.60% over May (up by c.5% at hospitals and by c.16% at clinics, y-o-y). The recovery trend continued in July and revenue was up 0.1% y-o-y.

At hospitals 15.3% y-o-y decrease in 1H20 revenues resulted in increased direct salary rate (up 1.3% y-o-y in 1H20) due to the portion of the hospitals direct salaries being fixed. The increase in the materials rate (up 2.6% y-o-y in 1H20) reflects increased consumption of medical disposables and personal protective equipment. The direct salaries and materials rate were also affected by the new UHC regulation that reduced tariffs on certain medical treatments, while the cost base for these services remain the same. This translated into the gross margin decline of 5.4 ppts y-o-y in 1H20. **At clinics** well controlled direct cost base led to 1.2 ppts y-o-y increase in the gross margin, in 1H20.

As a result of negative operating leverage in hospitals and clinics segments, due to the fixed administrative salary base and pandemic related other operating expenses, the healthcare services EBITDA, excluding IFRS 16, was down 38.4% y-o-y in 1H20, with 17.7% EBITDA margin at hospitals and 16.8% EBITDA margin at clinics.

CASH FLOW HIGHLIGHTS

Cash collection from the Government led to increase in cash flow generation. Strong operating cash flow (up 153.4% y-o-y in 1H20) and reduced capex investments (down 21.3%) resulted in GEL 42.0 million ending cash and cash equivalent balance. The business net debt reduced by 9.6%, to 258.5 million y-o-y as of 30 June 2020.

RECENT DEVELOPMENTS - On 19 August 2020, GHG signed a Sales and Purchase Agreement to sell a 40% equity interest in High Technology Medical Centre University Clinic ("HTMC") to Tbilisi State Medical University, which intends to use it as a teaching platform (the "Sale"). Total cash consideration for the Sale, which is subject to regulatory approvals, is US$ 12 million (GEL 36.8 million). Due to the HTMC's current shareholding structure (GHG owns 50%, while the other 50% is held by an individual shareholder and current CEO of the hospital) GHG has had less control over the Hospital's operations. GHG intends to sell the remaining 10% equity interest in the coming months. HTMC had a 13.0% and 9.8% share in the total healthcare business' assets and EBITDA, respectively, in 2019.

The Sale is in line with GHG's strategy to divest low-return generating assets. HTMC is one of the lowest return generating assets across GHG's hospital portfolio with a FY19 ROIC of 3.4%. The divestment, therefore, materially improves the Healthcare business ROIC - on a pro-forma basis, increasing FY19 healthcare business ROIC by 90bps. GHG intends to use proceeds from the Sale to reduce its net debt position and improve its leverage ratio, where the cost of GEL-denominated debt is approximately 11.5%.

Pharmacy & Distribution

(47.0% ownership[2])

Business description

GHG is the largest pharmaceuticals retailer and wholesaler, with a c.32% market share by revenue. The Pharmacy and Distribution business consists of a retail pharmacy chain and a wholesale business which sells pharmaceuticals and medical supplies to hospitals inside and outside the GHG group and to pharmacies outside the GHG group. The pharmacy chain operates two brands, Pharmadepot and GPC, with a total of 299 pharmacies, of which 21 are located within GHG's healthcare facilities. The Pharmacy and Distribution business is the country's largest retailer in terms of both revenue and number of bills issued.

GCAP **owned 47.0%**[2] in the pharmacy and distribution business as of 30 June 2020.

GEL millions, unless otherwise noted

Key Highlights	1H20	1H19	Change
LTM Revenue	638.3	559.6	14.1%
LTM EBITDA, excl. IFRS 16	68.0	58.6	16.2%
LTM development capex	5.2	4.5	14.4%
LTM maintenance capex	3.3	2.9	16.3%
LTM FCF, excl. IFRS 16	41.4	35.5	16.6%
LTM Cash from operations, excl. IFRS 16	55.4	40.7	36.2%
Net debt	51.6	67.3	-23.3%

(1) The detailed IFRS financial statements of GHG is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(2) GCAP's holding in the pharmacy and distribution business increased to 65% on 16 July 2020 as part of the Offer.
(3) The reconciliation of IFRS 16 adjusted measures to IFRS measures is provided on page 26.

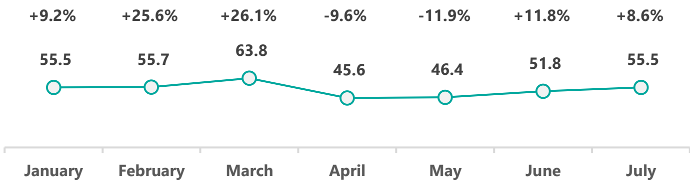
1H20 performance *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[1,3]	1H20	1H19	Change, Y-o-Y	2Q20	2Q19	Change, Y-o-Y
Revenue, net	**318,840**	**295,193**	**8.0%**	**143,811**	**149,414**	**-3.7%**
Gross Profit	**83,718**	**74,249**	**12.8%**	**38,433**	**35,951**	**6.9%**
Gross profit margin	*26.3%*	*25.2%*	*1.1ppts*	*26.7%*	*24.1%*	*2.6ppts*
Operating expenses excluding IFRS 16	(50,090)	(43,341)	15.6%	(23,391)	(20,604)	13.5%
EBITDA excluding IFRS 16	**33,628**	**30,908**	**8.8%**	**15,042**	**15,347**	**-2.0%**
EBITDA margin, excluding IFRS 16	*10.5%*	*10.5%*	*NMF*	*10.5%*	*10.3%*	*0.2ppts*
Depreciation and amortisation excluding IFRS 16	(1,887)	(1,426)	32.3%	(964)	(738)	30.6%
Net interest income (expense) excluding IFRS 16	(5,639)	(5,892)	-4.3%	(2,703)	(2,943)	-8.2%
Foreign exchange (loss) gain excluding IFRS 16	(4,566)	(3,088)	47.9%	4,874	(3,294)	NMF
Net profit excluding IFRS 16	**20,519**	**20,371**	**0.7%**	**16,234**	**8,235**	**97.1%**
CASH FLOW HIGHLIGHTS[1,3]						
Cash flow from operating activities *excluding IFRS 16*	**33,376**	**30,892**	**8.0%**	**24,304**	**17,449**	**39.3%**
EBITDA to cash conversion	*99.3%*	*99.9%*	*-0.6ppts*	*161.6%*	*113.7%*	*47.9ppts*
Cash flow used in investing activities	**(418)**	**(240)**	**74.2%**	**(74)**	**4,716**	**NMF**
Of which, capex	(2,384)	(3,253)	-26.7%	(933)	(1,815)	-48.6%
Free cash flow, *excluding IFRS 16*	**32,958**	**30,652**	**7.5%**	**24,230**	**22,165**	**9.3%**
Cash flow from financing activities *excluding IFRS 16*	**14,773**	**(38,404)**	**NMF**	**6,201**	**(19,893)**	**NMF**
Net Proceeds from borrowings	35,910	(21,514)	NMF	15,078	(12,836)	NMF
Cash and cash equivalents, ending balance	**56,797**	**9,702**	**NMF**	**56,797**	**9,702**	**NMF**

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*

Revenue

Change (y-o-y)



KEY POINTS

- 8.0% revenue growth and 8.8% EBITDA growth in 1H20, y-o-y
- Gross profit margin improved by 1.1 ppts y-o-y in 1H20
- 10.5% EBITDA margin in 1H20, substantially exceeding the targeted 9% margin
- Strong cash collection with 99.3% EBITDA to cash conversion ratio in 1H20
- Added 20 pharmacies over the last 12 months, expanding from 279 to 299 stores

INCOME STATEMENT HIGHLIGHTS

The pharmacy and distribution business continued to deliver growing revenues in 2020, reflecting both expansion and organic sales growth, with 5.8% same store revenue growth rate in 1H20. The strong 1Q20 results reflect pandemic related behavioural change, as citizens started to stock up on pharmaceuticals in March ahead of the lockdown. From April the sales started to slow down, however, revenue rebounded in June and overall, in 2Q20 revenue was down slightly by 3.7% y-o-y. The business issued 13.4 million bills in 1H20, with average customer interactions of 2.2 million per month and the average bill size of GEL 16.5 (up 19.6% y-o-y).

In 1H20, the retail revenue share in total revenue was 74.0% (71.0% in 1H19) and revenue from para-pharmacy as a percentage of retail revenue from pharma was 34.0% (30.3% in 1H19). Revenues from sales in high-margin non-medication categories (personal care, beauty and other parapharmacy products) were up 21.1% y-o-y in 1H20 to GEL 81.6 million, with 33.5% gross profit margin improving by 3.1 ppts y-o-y. As a result, the gross profit margin reached 26.3% in the pharmacy and distribution business in 1H20 (up 1.1ppts y-o-y).

The operating leverage was negative 2.8% excluding IFRS 16 impact in 1H20 reflecting: a) the 92.0% y-o-y decrease in other operating income to GEL 0.2 million due to gain from sale of land in prior year and b) increased rent expense of pharmacies in 1Q20 due to GEL devaluation (about 85% of rental contracts are denominated in US dollars), translating into 14% y-o-y increase in 1H20 general and administrative expense excluding IFRS 16 impact to GEL 22.6 million. As a result, the business posted an 8.8% y-o-y increase in 1H20 EBITDA excluding IFRS 16, with 10.5% EBITDA margin.

The increase in depreciation and amortisation expense reflects investments in different projects such as the Body Shop and software development. Interest expense, excluding IFRS 16 was down 7.9% q-o-q, translating into 4.3% reduction for the 1H20. As the inventory purchases in the pharmacy and distribution business are denominated in foreign currency (c.40% in EUR and c.30% in USD), depreciation of local currency in 1Q20 resulted in quarterly FX loss from the revaluation of accounts payable balances. From the beginning of 2Q20 GEL started to appreciate against USD and therefore, the business posted an FX gain in 2Q20, but overall, in 1H20 the loss from foreign currency, excluding IFRS 16 was GEL 4.6 million. As a result, the pharmacy and distribution business's profit increased slightly y-o-y in 1H20, up 70 bps, reaching GEL 20.5 million.

BALANCE SHEET HIGHLIGHTS

The increased balance of inventory, prepayments and accounts payables relates to the business stock-up, to ensure that we have enough medicines and major consumables in the country, in case of a significant virus outbreak. To increase the liquidity as a precautionary measure in response to the pandemic, the business has drawn down amounts available on credit lines and also received its portion, USD 5 million, of the EBRD loan. These increased the balance of borrowed funds, but the net debt was reduced by 23.3%.

CASH FLOW HIGHLIGHTS

The business' strong operating cash flow with 99.3% EBITDA to cash conversion ratio, decreased capex investments and the proceed from borrowings described above, resulted in ending balance of cash and cash equivalents of GEL 56.8 million as of 30 June 2020.

1. GHG (cont'd)

Medical Insurance

(70.6% ownership[2])

Business description

GHG is Georgia's largest provider of private medical insurance, with a 25.3% market share based on 1Q20 net insurance premiums. GHG has a wide distribution network and offers a variety of medical insurance products primarily to Georgian corporate and state entities and also to retail clients. GHG has c.175,000 persons insured as at 30 June 2020. The medical insurance business plays an important role in GHG's business model, as it is a significant feeder for its polyclinics, pharmacies and hospitals.

GCAP **owned 70.6%[2]** in the medical insurance business as of 30 June 2020.

GEL millions, unless otherwise noted

Key Highlights	1H20	1H19	change
LTM Revenue	73.6	64.5	14.1%
LTM EBITDA, excl. IFRS 16	6.5	5.1	26.0%
LTM development capex	-	-	-
LTM maintenance capex	0.3	0.2	3.2%
LTM FCF, excl. IFRS 16	9.6	6.7	43.2%
LTM Cash from operations, excl. IFRS 16	8.2	7.0	17.4%
Net debt	-	-	NMF

(1) The detailed IFRS financial statements of GHG is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

(2) GCAP's holding in the medical insurance business increased to 97.4% on 16 July 2020 as part of the Offer.

(3) The reconciliation of IFRS 16 adjusted measures to IFRS measures is provided on page 26.

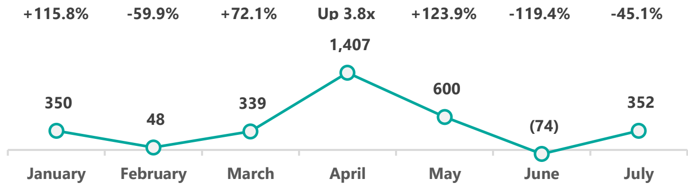
1H20 performance *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[1,3]	1H20	1H19	Change, Y-o-Y	2Q20	2Q19	Change, Y-o-Y
Net insurance premiums earned	**34,559**	**36,366**	**-5.0%**	**16,491**	**18,873**	**-12.6%**
Gross Profit	**7,988**	**4,450**	**79.5%**	**4,985**	**2,640**	**88.8%**
Operating expenses excluding IFRS 16	(4,964)	(2,665)	86.3%	(2,710)	(1,417)	91.2%
EBITDA excluding IFRS 16	**3,024**	**1,785**	**69.4%**	**2,275**	**1,223**	**86.0%**
EBITDA margin, excluding IFRS 16	*8.8%*	*4.9%*	*3.9ppts*	*13.8%*	*6.5%*	*7.3pps*
Depreciation and amortisation excluding IFRS 16	(394)	(380)	3.7%	(205)	(191)	7.3%
Net interest income (expense) excluding IFRS 16	793	313	NMF	417	186	NMF
Foreign exchange (loss) gain excluding IFRS 16	8	71	-88.7%	2	8	-75.0%
Net profit before income tax excluding IFRS 16	**3,273**	**1,789**	**83.0%**	**2,331**	**1,226**	**90.1%**
Income tax benefit/(expense)	(603)	(288)	NMF	(398)	(203)	96.1%
Net profit excluding IFRS 16	**2,670**	**1,501**	**77.9%**	**1,933**	**1,023**	**89.0%**
CASH FLOW HIGHLIGHTS[1,3]						
Cash flow from operating activities	**3,010**	**3,121**	**-3.6%**	**1,777**	**2,401**	**-26.0%**
EBITDA to cash conversion	*99.5%*	*174.8%*	*-75.3ppts*	*78.1%*	*196.3%*	*-118.2%*
Cash flow used in investing activities	**814**	**(501)**	**NMF**	**63**	**277**	**-77.1%**
Of which, capex	(172)	(29)	NMF	(97)	-	NMF
Free cash flow, *excluding IFRS 16*	**3,824**	**2,620**	**46.0%**	**1,840**	**2,678**	**-31.3%**
Cash flow from financing activities, excluding IFRS 16	**435**	**(758)**	**NMF**	**(717)**	**(577)**	**NMF**
Net Proceeds from borrowings	1,600	(300)	NMF	-	(300)	NMF
Cash and cash equivalents, ending balance	**21,284**	**14,228**	**49.6%**	**21,284**	**14,228**	**49.6%**

MONTHLY PERFORMANCE IN 2020 *(GEL thousands, unless otherwise noted)*

Net profit, *excluding IFRS 16*

Change (y-o-y)



KEY POINTS

- Improved claims retention rates within GHG group – up 2.3% y-o-y in 1H20
- Improved loss ratio by 10.5% y-o-y to 73.4% in 1H20
- Insurance renewal rate at 71.3% in 1H20 (77.5% in 1H19)

INCOME STATEMENT HIGHLIGHTS

The 5% decline in 1H20 revenues reflects the decrease in the number of insured clients to c.175,000 as of 30 June 2020 from c.236,000 as of 31 December 2019, mainly due to the expiry of Ministry of Defence contract from February 2020. This will reduce the medical insurance business revenue in the coming quarters but will have immaterial impact on earnings, as the client loss ratio was far above the business' average.

Various incentives such as direct settlement of claims with the provider mean that, on top of its own positive contribution to GHG's profitability, the medical insurance business plays a feeder role in originating and directing patients to GHG's healthcare facilities, mainly to polyclinics and to pharmacies. As GHG business has expanded, the claims retention rates within GHG improved (i.e., reimbursements of GHG's customers' healthcare costs that are paid to other GHG group entities).

Claims retention rates

	1H20	1H19	Change, Y-o-Y
Total claims retained within the GHG	43.4%	41.1%	+2.3 ppts
Total claims retained in outpatient	41.1%	40.6%	+0.5 ppts

In 1H20, the medical insurance claims expense was GEL 25.4 million (down 16.8%), of which GEL 11.5 million (45.2% of the total) was inpatient, GEL 8.7 million (34.3% of total) was outpatient and GEL 5.2 million (20.6% of total) was accounted for by drugs. Impairment expense was up from GEL 0.2 million in 1H19 to GEL 1.0 million in 1H20, driving 86.3% y-o-y increase in 1H20 operating expenses to GEL 5.0 million. The increase in impairment expense reflects a decline in receivables collection, mostly from travel agencies, as small businesses began to struggle due to the current circumstances caused by the pandemic. The loss ratio improved by 10.5 ppts in 1H20 y-o-y, from 83.9% to 73.4%. Improvement is mainly attributable to the decreased traffic at hospitals and clinics due to the pandemic as well as to the expiry of Ministry of Defence contract which had a loss ratio far above the average level for the business. The combined ratio was also down by 3.7 ppts in 1H20 to 92.4% and consequently EBITDA, excluding IFRS 16 impact, grew by 69.4%, contributing GEL 2.7 million profit to GHG in 1H20.

BALANCE SHEET HIGHLIGHTS

The majority of medical insurance contracts expire and renew in January every year, causing the insurance premiums receivable as well as insurance contract liabilities balances to increase in the first quarter and reduce gradually in line with contract amortisation terms. As a precautionary measure to increase the liquidity in times of pandemic the medical insurance business has also drawn its credit line which increased the balance of borrowed funds and available cash respectively.

CASH FLOW HIGHLIGHTS

The medical insurance business almost doubled its cash and cash equivalents balance since 31 December 2019, with 99.5% EBITDA to cash conversion ratio, ending cash totalling GEL 21.3 million.

2. Water Utility

(100% ownership)

Business description

Our Water Utility is a regulated monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services to 1.4 million residents representing more than one-third of Georgia's population and c. 36,000 legal entities. Water Utility also operates hydro power plants with total installed capacity of 149 MW.

Water Utility is **100% owned** through GGU.

GEL millions, unless otherwise noted

Key Highlights	1H20	1H19	change
LTM Revenue	149.7	153.8	-2.7%
LTM EBITDA	84.3	86.5	-2.5%
LTM Development capex	(76.3)	(99.3)	-23.1%
LTM Maintenance capex[2]	(22.9)	(21.2)	8.0%
LTM FCF	(1.4)	(10.5)	-87.0%
LTM Cash from operations	82.9	95.7	-13.3%
Net debt	389.7	320.8	21.5%

Key performance metrics

Net investment	132.6
2020 dividend	-
LTM ROIC[1]	9.7%
MOIC[1]	2.4
IRR[1]	24.8%

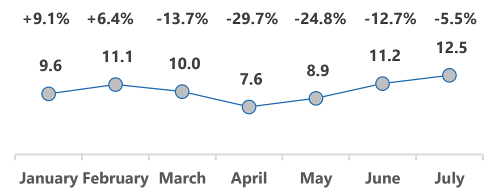
(1) Please see definitions on page 28.
(2) Capex figures are stated including VAT.
(3) The detailed IFRS financial statements of Water Utility is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(4) Free cash flow is calculated as follows: cash flow from operating activities less cash used in investing activities.

1H20 performance *(GEL '000, unless otherwise noted)*

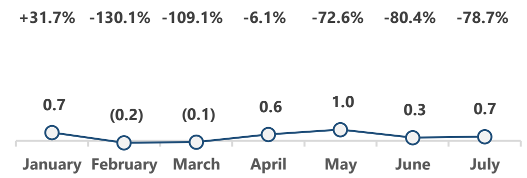
INCOME STATEMENT HIGHLIGHTS[3]	1H20	1H19	Change
Revenue	**60,769**	**74,541**	**-18.5%**
Water supply	58,415	66,301	-11.9%
Energy	2,354	8,240	-71.4%
Operating expenses	**(28,313)**	**(29,666)**	**-4.6%**
Provision for doubtful trade receivables	(2,849)	(4,508)	-36.8%
EBITDA	**29,607**	**40,367**	**-26.7%**
EBITDA margin	*48.7%*	*54.2%*	*-5.5ppts*
Depreciation and amortization	(17,456)	(16,936)	3.1%
Net interest expense	(15,808)	(10,793)	46.5%
Net non-recurring expenses	(489)	(2,389)	-79.5%
Foreign exchange (loss) gain	(9,954)	(9,497)	4.8%
Net (loss)/profit	**(14,100)**	**752**	**NMF**
CASH FLOW HIGHLIGHTS[3]			
Cash flow from operating activities before maintenance capex	**28,667**	**44,723**	**-35.9%**
Maintenance capex	(11,388)	(11,093)	2.7%
Cash flow from operating activities	**17,279**	**33,630**	**-48.6%**
Cash flow used in investing activities	**(25,671)**	**(23,826)**	**7.7%**
Of which, development capex	(27,994)	(27,883)	0.4%
Free cash flow[4]	**(8,392)**	**9,804**	**NMF**
Cash flow from financing activities	**24,794**	**7,099**	NMF
Net Proceeds from borrowings	42,944	20,661	NMF
Cash ending balance	**41,897**	**30,696**	**36.5%**
BALANCE SHEET HIGHLIGHTS[3]	**Jun-20**	**Dec-19**	**Change**
Total assets	**627,853**	**591,036**	**6.2%**
Property, plant and equipment	541,778	522,702	3.6%
Trades and other receivables	21,689	22,357	-3.0%
Cash balance	41,897	26,581	57.6%
Total liabilities	**485,769**	**432,741**	**12.3%**
Long-term borrowings	397,898	353,021	12.7%
Total equity	**142,084**	**158,295**	**-10.2%**

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*

Water supply revenue
Change (y-o-y)



Electricity sales revenue
Change (y-o-y)



KEY POINTS

- 18.5% decrease in 1H20 revenues primarily reflecting:
  - Negative impact of reduced economic activities during COVID-19 lockdown on water sales to legal entities
  - Decreased energy revenues due to lower water inflows at Zhinvali reservoir in 1H20, down 71.4% y-o-y
- Rebound in water supply revenues starting from May-20, gradually normalising at prior year's levels
  - Jul-20 water supply revenues at GEL 12.5 million, up 11.7% over June 2020 and down only 5.5% y-o-y
- 1H20 cash collection rates for both residential and legal customers remained strong at c. 100%

INCOME STATEMENT HIGHLIGHTS

The 18.5% y-o-y decrease in 1H20 water utility revenues was primarily driven by a 71.4% decrease in energy revenues and a 11.9% decrease in water sales revenues. Extraordinarily lower precipitation related water inflows to Zhinvali HPP led to 31.2% y-o-y decrease in electricity generation, while self-produced electricity consumption remained flat. As a result, 1H20 electricity sales in Kwh decreased by 63.5% y-o-y. Revenue from water supply to legal entities was down 18.0% y-o-y to GEL 35.5 million in 1H20 reflecting the effects of the COVID-19 lockdown during Mar-May, while revenues from water supply to individuals remained largely flat at GEL 19.3 million. However, according to tariff setting methodology, volume risk does not stay with the company and unearned revenues in the current regulatory period (2018-2020) will be reimbursed through tariff in the next regulatory period. The business activity gradually recovered from April's low and Jul-20 water supply revenue rebounded to GEL 12.5 million, down only 5.5% y-o-y. Continued efficiency improvements were reflected in decreased operating expenses by 4.6% y-o-y. As a result, 1H20 EBITDA of GEL 29.6 million was down by 26.7% y-o-y.

Net interest expense was up 46.5% y-o-y in 1H20 in line with increased leverage to finance capital expenditures. The average balance of borrowings increased from GEL 335 million in 1H19 to GEL 406 million in 1H20. As a result of the developments described above, 1H20 net loss was GEL 14.1 million (down from GEL 0.8 million net income in 1H19).

CASH FLOW HIGHLIGHTS

1H20 operating cash flow was down by 48.6% y-o-y to GEL 17.3 million in line with the decreased profitability. However, the collection rates for legal entities and households remained strong at c. 100%, further supported by the Government's subsidy of water utility bills for more than one million households during the lockdown (Mar-May). 1H20 development capex remained almost flat y-o-y at GEL 28.0 million.

3. Housing Development
(100% ownership)

Business description

Our housing development business is a leading real estate developer on the US$ 1.6 billion Georgian real estate market with three business lines: (a) a residential development arm targeting mainly mass market customers by offering affordable, high quality and comfortable housing; (b) a construction arm, engaging in construction contracts for our other businesses as well as third-parties; and (c) distressed asset management arm developing suspended projects.

Housing Development is **100% owned** through m^2, renamed as Georgia Real Estate.

GEL millions, unless otherwise noted

Key highlights	1H20	1H19	Change
LTM Revenue	135.1	111.2	21.5%
LTM Gross real estate profit	21.7	14.9	45.6%
LTM EBITDA	2.6	4.7	-44.9%
LTM Development Capex	16.2	9.5	70.2%
LTM Maintenance Capex	-	-	NMF
LTM FCF	22.0	(19.5)	NMF
LTM Cash from operations	32.3	(8.7)	NMF
Net debt	159.4	139.2	14.5%

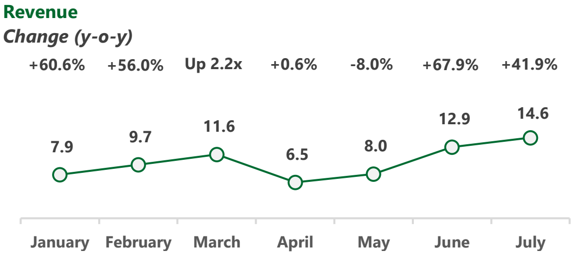
Key performance metrics	
Net investment	(59.4)
1H20 dividend	-
MOIC[1]	1.9
IRR[1]	14.3%

(1) Please see definition on page 28.
(2) The detailed IFRS financial statements of Housing Development is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(3) Revenue from apartment sales is recognized over time based on the IFRS construction progress (proportion of costs incurred up to date to total expected project cost). Percentage of completion calculated based on total costs of the building is applied to the apartment selling price to recognize revenue from apartment sales.

1H20 performance *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[2]	1H20	1H19	Change
Gross profit from apartments sale[3]	7,649	1,998	NMF
Gross profit from construction services	3,269	2,459	32.9%
Gross Real Estate Profit	**10,696**	**4,747**	**NMF**
Operating expenses	**(6,754)**	**(6,847)**	**-1.4%**
EBITDA	**3,942**	**(2,100)**	**NMF**
Net loss	**(3,539)**	**(7,848)**	**54.9%**
CASH FLOW HIGHLIGHTS[2]			
Net cash flows from operating activities	24,547	(16,703)	NMF
Net cash flows used in investing activities	(2,094)	(4,269)	-51.0%
Net cash flows from financing activities	(17,006)	14,989	NMF
Cash, ending balance	**21,089**	**3,758**	**NMF**
BALANCE SHEET HIGHLIGHTS[2]	**Jun-20**	**Dec-19**	**Change**
Total assets	**332,901**	**223,735**	**48.8%**
Land bank	1,283	1,552	-17.3%
Inventories	163,345	97,075	68.3%
Total liabilities	**342,896**	**228,392**	**50.1%**
Deferred income	97,864	27,792	NMF
Total equity	**(9,994)**	**(4,657)**	**NMF**

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*



KEY POINTS

- Strong project execution driving 1H20 gross profit from apartment sales, up almost 4x to GEL 7.6 million
  - Sales progress reached 97% and 36% of sales value on Stage I and II of Digomi project, respectively
  - Launch of new project Sveti with c. 165.541 sq.m. of sellable area, adding US$ 4.4 million to 1H20 revenues
- 1H20 operating cash flow rebounded to GEL 24.5 million (negative GEL 16.7 million in 1H19), reflecting:
  - Strong cash collection rates in the on-going Sveti and Digomi projects: 65% and 87%, respectively
  - Cash optimisation measures driving 42% decrease in cash spending on operating expenses
- Record high apartment sales in July, benefiting from the launch of the interest rate subsidy program

INCOME STATEMENT HIGHLIGHTS

In 2Q20 real estate sales were affected by the COVID-19 outbreak. However, starting from Jun-20, gradual normalization of residential real estate sales can be observed, further reinforced by the state support programs. In May 2020, the government announced the GEL 434 million support plan for the development sector:

- GEL 70 million: 4% subsidy for 5 years on mortgage loans under GEL 200,000 issued during Jul-Dec 2020 to purchase newly built residential apartments.
- GEL 14 million: Government guarantees of 20% for the same pool of mortgage loans, described above.
- GEL 150 million: Acquiring residential properties for IDP (Internally displaced persons) households.
- GEL 200 million: Procurement guarantees for up to 30% of the residential space envisaged by projects, with commitment of purchasing unrealized space over the next three years.

In the COVID-19 environment, Housing Development suspended or cancelled pipeline projects and continued with strong project execution in the on-going two housing projects: Digomi and Sveti. As a result of strong sales, 1H20 gross real estate profit was up 125% to GEL 10.7 million, which more than doubled y-o-y. Housing Development sold a record high number of 243 apartments in July as the launch of the Government's interest rate subsidy program on mortgage lending kicked in.

- **Digomi** - The business has sold apartments totalling 34,625 sq.m. with US$ 33.2 million sales value in the two stages of Digomi project and reached approximately 97% and 36% sales progress on Stage I and II respectively, in 1H20. Construction works for Stage I commenced in July 2019, followed by Stage II in Feb-20. Following the COVID-19 outbreak, the business sold 126 apartments with US$ 5.4 million sales value during Mar-Apr at one-off discounts, of which, 99% was collected in cash.

- **Sveti** - The business recently started a new distressed asset management arm, White square (w2), offering cost-efficient solution for fit-out works. Through this new development line, the company took three suspended projects of Sveti construction company, adding c. 165,541 sq.m. of sellable area to its inventory. The project is on-going in three locations in Tbilisi and the construction and development will continue for approximately three years. The company started construction and sales for the Sveti project in April 2020 and has sold 6,805 sq.m. with US $ 4.1 sales value to date, representing approximately 4% of the total sellable area. Revenue recognition from Sveti project started in April 2020 and the business recognized US$ 4.4 million sales revenue, in line with the IFRS construction progress.

CASH FLOW HIGHLIGHTS

Following discounts introduced for all-cash sales for the first two phases of Digomi project, commencement of construction the Sveti project and cost optimization activities adopted by the company, Housing Development's operating cash flow rebounded to GEL 24.5 million in 1H20 (up from negative GEL 16.7 million in 1H19).

4. Property & Casualty Insurance

(100% ownership)

Business description

Our property and casualty Insurance (P&C Insurance) business is a leading player in the local P&C insurance market with a 26.4% market share based on gross premiums. P&C Insurance offers a wide range of insurance products to Georgian corporates and retail through five business lines: motor, property, credit life, liability and other insurance services.

P&C Insurance is **100% owned** through Aldagi.

Gel millions, unless otherwise noted			
Key highlights	**1H20**	**1H19**	**Change**
LTM earned premiums, net	73.7	72.3	1.9%
LTM net income	18.2	17.7	2.6%
LTM development capex	-	-	NMF
LTM maintenance capex	-	-	NMF
LTM FCF	5.2	11.5	-54.5%
LTM cash from operations	14.8	26.1	-43.4%
Net debt	N/A	N/A	NMF

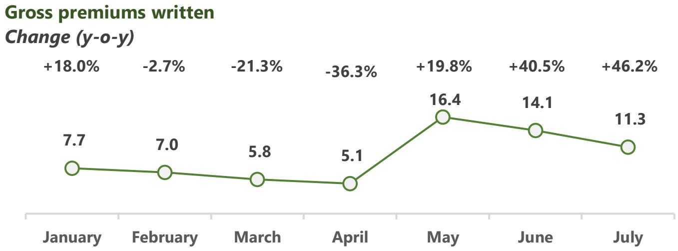
Key performance metrics	
Net investment	(25.9)
1H20 Dividend	-
LTM ROAE[1]	28.7%
MOIC[1]	17.8

(1) Please see definition on page 28.
(2) The detailed IFRS financial statements of P&C Insurance is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

1H20 performance *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[2]	**1H20**	**1H19**	**Change**
Earned premiums, net	34,668	36,288	-4.5%
Insurance claims expenses, net	(15,198)	(15,111)	0.6%
Acquisition costs, net	(4,463)	(5,736)	-22.2%
Net underwriting profit	**15,007**	**15,441**	**-2.8%**
Net investment profit	2,997	2,339	28.1%
Operating profit	**9,836**	**9,518**	**3.3%**
Net non-recurring items	(50)	-	NMF
Pre-tax profit	**9,655**	**9,787**	**-1.3%**
Income tax expense	(1,501)	(1,479)	1.5%
Net profit	**8,154**	**8,308**	**-1.8%**
CASH FLOW HIGHLIGHTS[2]			
Net cash flows from operating activities	9,903	14,667	-32.5%
Net cash flows used in investing activities	(8,303)	(11,507)	-27.8%
Net cash flows from financing activities	(841)	(9,881)	-91.5%
Cash, ending balance	4,252	4,368	-2.7%
BALANCE SHEET HIGHLIGHTS[2]	**Jun-20**	**Dec-19**	**Change**
Cash and liquid funds	51,285	43,104	19.0%
Insurance premiums receivable, net	50,726	36,730	38.1%
Pension fund assets	5,305	4,868	9.0%
Total assets	**227,269**	**200,274**	**13.5%**
Gross technical provision	106,551	100,886	5.6%
Pension benefit obligations	5,305	4,868	9.0%
Total liabilities	**156,790**	**137,663**	**13.9%**
Total equity	**70,479**	**62,611**	**12.6%**

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*



KEY POINTS

- 1H20 gross premiums written up 6.2% y-o-y
- 1H20 combined ratio and net profit largely flat y-o-y at 80.3% and at GEL 8.2 million, respectively
- Gross premiums written rebounding from May 2020, posting high double-digit growth y-o-y through May-Jul

INCOME STATEMENT HIGHLIGHTS

The P&C insurance business revenues decreased by 4.5% y-o-y as a result of decline in earned premiums from: (i) compulsory border third-party liability insurance (down by GEL 1.4 million y-o-y due to COVID-19 related restrictions on traveling); (ii) portfolio business lines: household property insurance (down by GEL 1.5 million y-o-y) and credit unemployment insurance (down by GEL 1.0 million y-o-y). The negative impact from compulsory and portfolio business lines was partially offset by increased earned premiums from motor and commercial property insurance. Excluding the compulsory and portfolio business lines, net revenue from corporate and retail portfolio grew by 9% and 4% y-o-y, respectively.

During 1H20, net insurance claims expenses remained flat (up 0.6% y-o-y), while net acquisition costs have decreased by 22.2% y-o-y in line with the decline in compulsory border third-party liability and portfolio business lines. P&C Insurance's key performance ratios remained healthy during 1H20 as noted below:

Key Ratios	**1H20**	**1H19**	**Change**
Combined ratio	80.3%	80.2%	*0.1ppts*
Expense ratio	36.4%	38.6%	*-2.1ppts*
Loss ratio	43.8%	41.6%	*2.2ppts*

The 2.2ppts increase in the loss ratio is due to increased loss ratio in life insurance in 1H20, partially offset by the overall decrease in number of claims during the lockdown. The number of claims were down 64% y-o-y in Apr-May 2020 during the lockdown, most notably reflected in 56% motor loss ratio (down 14ppts y-o-y). The decrease in average commission rate from 15.8% to 12.9% was the main factor in the y-o-y decrease in 1H20 expense ratio by 2.1ppts.

Net investment profit was up by 28.1% y-o-y to GEL 3.0 million, predominantly driven by the healthy investment portfolio of the P&C insurance business. As a result, Aldagi's net income was down by 1.8% y-o-y, resulting in 24.9% ROAE in 1H20 (28.3% in 1H19).

BALANCE SHEET HIGHLIGHTS

At 30 June 2020, total assets stood at GEL 227.0 million, up 13.5% from December 2019. The growth was driven by 19.0% increase in cash and liquid funds and 38.1% increase in net insurance premium receivable due to a renewal of large corporate policies by the end of Jun-20. P&C Insurance's solvency ratio stood at 162% at 30 June 2020, above the required minimum of 100%.

CASH FLOW HIGHLIGHTS

1H20 operating cash flow was down by 32.5% y-o-y, due to a delayed settlement of large property claim in 2H19, for which cash was received from a reinsurer in 1H19. 1H19 net cash outflow from financing activities of GEL 9.9 million reflects GEL 8 million dividend payment. The business is expected to make a dividend payment in 2020.

5. Renewable Energy

(100% ownership)

Business description

Our renewable energy business is a platform for developing hydro and wind power plants across Georgia.

Following the buyout of the 34.4% minority shareholder in GRPC on 25 February 2020, Georgia Capital's renewable energy business consists of the following wholly-owned commissioned renewable assets: 50MW Mestiachala HPPs and 21MW Hydrolea HPPs and 21MW Qartli wind farm. In addition, the business has a pipeline of up to 350MW renewable energy projects in the medium term.

GEL millions, unless otherwise noted

Key highlights	**1H20**	**1H19**	**change**
LTM Revenue	32.7	2.4	NMF
LTM EBITDA	25.6	1.1	NMF
LTM Capex	(120.9)	(61.2)	97.4%
LTM FCF	(100.7)	(62.7)	-60.6%
LTM Cash from operations	21.1	(0.9)	NMF
Net debt	270.9	86.1	NMF

Key performance metrics	
Net investment	139.1
1H20 dividend	4.9
LTM ROIC[1]	4.6%
MOIC[1]	1.3
IRR[1]	18.5%

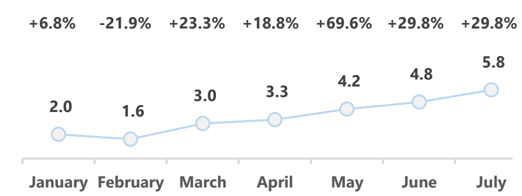
(1) Please see definition on page 28.
(2) The detailed IFRS financial statements of Renewable Energy is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(3) Like-for-like y-o-y growth numbers, including the revenues generated by Hydrolea HPPs and Qartli wind farm prior to their acquisitions (acquired in 4Q19).
(4) Payment of deferred consideration for Hydrolea HPPs.

1H20 performance *(GEL '000, unless otherwise noted)*

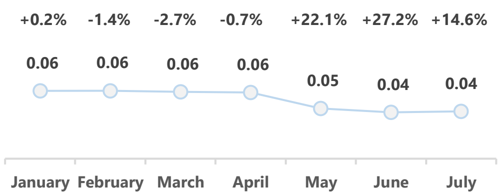
INCOME STATEMENT HIGHLIGHTS[2]	**1H20**	**1H19**	**Change**
Revenue	**18,886**	**2,395**	**NMF**
Operating expenses	(4,796)	(910)	NMF
EBITDA	**14,090**	**1,485**	**NMF**
CASH FLOW HIGHLIGHTS[2]			
Cash flow from operating activities	**17,743**	**(589)**	**NMF**
Cash flow used in investing activities	**(23,452)**	**(19,121)**	**22.6%**
Of which, acquisition of subsidiaries[4]	*(6,008)*	*-*	*NMF*
Cash flow from financing activities	**(10,301)**	**30,591**	**NMF**
Proceeds from borrowings	-	28,176	NMF
Cash ending balance	**21,196**	**20,892**	**1.4%**
BALANCE SHEET HIGHLIGHTS[2]	**Jun-20**	**Dec-19**	**Change**
Total assets	**453,427**	**439,454**	**3.2%**
Property, plant and equipment	369,178	338,169	9.2%
Cash balance	21,196	35,253	-39.9%
Total liabilities	**298,141**	**291,844**	**2.2%**
Total debt	292,147	274,367	6.5%
Total equity	**155,286**	**147,610**	**5.2%**
Total equity attributable to GCAP	**156,006**	**111,113**	**40.4%**

MONTHLY PERFORMANCE[3] IN 2020 *(GEL millions, unless otherwise noted)*

Revenue
Change (y-o-y)



Averages selling price, US$
Change (y-o-y)



KEY POINTS

- The strong and resilient 1H20 results despite the pandemic, primarily reflecting:
  - Successful acquisitions, contributing GEL 13.2 million to 1H20 revenues with 78% EBITDA margin
  - Electricity sales price increase leading to 23.2% y-o-y like-for-like[3] growth in 1H20 revenues
- 1H20 operating cash flow at GEL 17.7 million (up from GEL (0.6) million in 1H19)
  - GEL 9.7 million insurance proceeds in 1H20, fully reimbursing for 2019 revenues of 50MW Mestiachala HPPs

INCOME STATEMENT HIGHLIGHTS

The renewable energy business was resilient to the COVID-19 outbreak, as up to 80% of electricity sales during 1H20 were covered by long-term purchase power agreement (PPAs) with a Government-backed entity, while the rest of electricity sales were contracted in the beginning of 2020 with direct customers. The average sales price was up 31% y-o-y in May-Jun for Hydrolea and Mestiachala HPPs on the back of electricity market deregulation. PPAs with fixed purchase price run throughout the whole year for wind power plants and for eight months (from September through April) for HPPs.

1H20 revenues were up to GEL 18.9 million from GEL 2.4 million in 1H19. Qartli wind farm contributed GEL 9.4 million to 1H20 revenues on the back of 46.6 GWh generation (translating into a capacity factor of up to 51%). The 21MW Hydrolea HPPs, where 9MW Akhmeta HPP was temporarily offline due to planned rehabilitation works, added GEL 3.8 million to 1H20 revenues. Akhmeta HPP rehabilitation works started in January and were completed mid-July. Operations successfully resumed at the first phase of Mestiachala HPPs within the expected timeline and at the originally planned generation level in December 2019, while restoration works on second phase continue with the expected recommissioning date in 2021. 1H20 revenues from Mestiachala HPPs were GEL 5.7 million, of which, Business Interruption ("BI") for 20MW Mestiachala HPP amounted to GEL 2.6 million. In general, Mestiachala HPPs are characterised with peak generation during July-August months. As a result, 1H20 EBITDA was GEL 14.1 million and EBITDA margin was 74.6%.

CASH FLOW HIGHLIGHTS

1H20 operating cash flow of GEL 17.7 million includes GEL 9.7 million BI for 2019 revenues from 50MW Mestiachala HPPs, while the remaining amount is attributable to the electricity sales of generating assets. In March 2020, Renewable Energy made GEL 4.9 million distribution to GCAP reflecting the strong cash flow generation at Qartli wind farm, which contributed GEL 7.2 million to 1H20 operating cash flows. 1H20 investing cash flow of GEL 23.5 million includes cash settlements made to suppliers for the rehabilitation of 50MW Mestiachala HPPs (GEL 7.0 million), as well as payments made for Zoti HPPs construction works (GEL 8.7 million).

6. Hospitality & Commercial Real Estate
(100% ownership)

Business description

Our hospitality & commercial real estate business is comprised of: (a) rent-earning commercial assets with targeted 10% yield and (b) hotel development business across Georgia with more than 1,000 targeted rooms.

The hotel development business has already confirmed 1,222 rooms, of which, 273 are operational and 949 are in pipeline. The targeted hotel portfolio comprises c. 630 internationally branded hotel rooms and c. 592 hotels rooms developed by the business under its own Amber Group brand.

Hospitality and Commercial Real Estate is **100% owned** through m^2, renamed as Georgia Real Estate.

GEL millions, unless otherwise noted

Key highlights	**1H20**	**1H19**	**Change**
LTM Revenue	(86.0)	49.7	NMF
Of which, revaluation	(103.8)	35.5	NMF
LTM EBITDA (NOI)	(102.4)	39.0	NMF
LTM Development Capex	66.6	74.4	-10.6%
LTM Maintenance Capex	-	-	NMF
LTM FCF	(64.7)	(76.4)	15.4%
LTM Cash from operations	1.4	4.4	-68.0%
Net debt	217.1	161.6	34.4%

Key performance metrics	
Net investment	197.2
1H20 Dividend	-
LTM ROIC[1]	-23.7%
MOIC[1]	0.7
IRR[1]	-

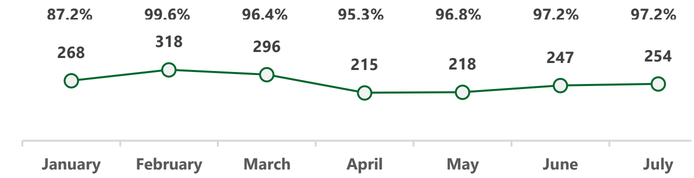
(1) Please see definition on page 28.
(2) The detailed IFRS financial statements of Hospitality & Commercial Real Estate is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

1H20 performance *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[2]	**1H20**	**1H19**	**Change**
Gross profit from operating leases	4,181	2,791	49.8%
Gross profit from hospitality services	(1,094)	697	NMF
Gross Real Estate Profit	**3,148**	**3,488**	**-9.7%**
Revaluation of commercial and hospitality property	(117,578)	7,892	NMF
Operating expenses	**(3,166)**	**(1,860)**	**70.2%**
Net operating income (NOI)	**(117,596)**	**9,520**	**NMF**
Net (loss)/profit	**(123,839)**	**5,880**	**NMF**
CASH FLOW HIGHLIGHTS[2]			
Net cash flows from operating activities	(1,529)	324	NMF
Net cash flows used in investing activities	(18,848)	(53,035)	-64.5%
Net cash flows from financing activities	3,932	31,567	-87.5%
Net Proceeds from borrowings & debt securities issued	(256)	52,224	NMF
Cash, ending balance	**2,860**	**7,347**	**-61.1%**
BALANCE SHEET HIGHLIGHTS[2]	**Jun-20**	**Dec-19**	**Change**
Investment property	335,163	401,216	-16.5%
Land bank	54,185	69,693	-22.3%
Real estate	280,978	331,523	-15.2%
Total assets	**385,861**	**462,284**	**-16.5%**
Borrowings & debt securities issued	210,578	196,408	7.2%
Total equity	**139,054**	**248,497**	**-44.0%**

MONTHLY PERFORMANCE IN 2020 *(US$ thousands, unless otherwise noted)*

Cash proceeds from commercial RE
Cash collection rate



KEY POINTS

- In light of the COVID-19 outbreak, operations at the existing two hotels were suspended since mid-March and both hotels are rented to the government for quarantine, while constructions of new hotels were put on hold
- 1H20 occupancy rates remained high at 89.9% in commercial real estate (84.7% in 1H19)
- 1H20 monthly cash collection rates for commercial real estate remained strong at c. 95+%
- GEL 117.6 million revaluation loss on hotels and commercial real estate in 1H20, reflecting COVID-19 impact

INCOME STATEMENT HIGHLIGHTS

COVID-19 has affected every sector across the globe, and the hospitality industry is among the hardest hit. Within the hospitality business, due to COVID-19 outbreak, operations at the existing two hotels (Ramada Encore in Tbilisi and Gudauri Lodge in ski-resort Gudauri) were suspended since mid-March and both hotels are rented to the government for quarantine, covering the costs of current operations. At the same time, construction of new hotels was put on hold. The COVID-19 pandemic has severely impacted the valuation of investment properties resulting in revaluation loss of GEL 117.6 million on operational and under construction hotels and on commercial real estate. As part of the COVID-19 anti-crisis plan to support the hospitality sector, the Government subsidises 80% of interest payments on bank loans for the next six months since May, hotels are fully exempt from property taxes in 2020 and income tax payments are postponed until the end of 2020.

Gross profit from operating leases increased by 49.8% y-o-y in 1H20 on the back of commercial portfolio expansion, supported by high occupancy levels. Despite COVID-19, the business managed to maintain its commercial portfolio and only 7% of total commercial real estate was vacated. However, rent prices were renegotiated on the vast majority of the total commercial portfolio and discounts within 25-40% range were provided to tenants for 2-3 months, where appropriate. Cash collection rates for commercial real estate remained strong at c. 95% level on a monthly basis in 1H20. Cash proceeds rebounded in June 2020 with 9% growth over May, reaching the levels observed during the beginning of 2020. Nearly 83% of the total commercial assets portfolio represents office and retail areas, while the remaining 17% are residential and industrial spaces. The commercial portfolio decreased by 9.0% to US$ 38.7 million in 1H20 (US$ 42.5 million in 1H19) primarily due to revaluation loss on commercial assets. Occupancy level and gross income yield stood at 89.9% in 1H20 (84.7% in 1H19) and 9.2% in 1H20 (9.2% in 1H19), respectively.

CASH FLOW HIGHLIGHTS

The y-o-y decrease in 1H20 operating cashflow reflects suspension of hotel operations due to COVID-19. As the construction of new hotels were put on hold, the capital spending decreased in 1H20 and cash flow from investing activities was down 64.5% y-o-y to GEL 18.8 million.

7. Beverages

(87% ownership)

Business description

Beverages combines three business lines: a wine business, a beer business and a distribution business. We produce and sell wine locally and export to 18 countries, while in our beer business we have a 10-year exclusive license to produce Heineken brands in Georgia and sell them in the South Caucasus.

Georgia Capital **owns 87%** of Beverages.

Wine business

GEL millions, unless otherwise noted

Key highlights	1H20	1H19	Change
LTM Revenue	40.0	36.7	8.8%
LTM EBITDA	7.0	8.6	-18.7%
LTM Development Capex	(32.9)	(5.1)	NMF
LTM Maintenance Capex	(3.5)	(4.4)	-20.9%
LTM FCF	(31.0)	(7.0)	NMF
LTM Cash from operations	5.4	0.3	NMF
Net debt	44.7	43.1	3.5%

Beer business

GEL millions, unless otherwise noted

Key highlights	1H20	1H19	Change
LTM revenue	46.5	34.3	35.5%
LTM EBITDA	0.0	(12.6)	NMF
LTM development Capex	(5.8)	(22.0)	-73.5%
LTM maintenance Capex	-	-	NMF
LTM FCF	(8.6)	(37.3)	77.0%
LTM cash from operations	(2.8)	(15.3)	82.0%
Net debt	91.7	86.4	6.1%

Key performance metrics

Net investment	162.2
1H20 dividend	-
LTM ROIC, wine business[1]	2.2%
LTM ROIC, beer business[1]	-9.8%
MOIC, wine business[1]	0.7
MOIC, beer business[1]	0.2
IRR, wine business[1]	-
IRR, beer business[1]	-

(1) Please see definition on page 28.
(2) The detailed IFRS financial statements of Beverages is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(3) Like-for-like y-o-y growth numbers, including the revenues generated by Alaverdi prior to the acquisition in 2019.

1H20 performance *(GEL '000, unless otherwise noted)*

Wine Business

INCOME STATEMENT HIGHLIGHTS[2]	1H20	1H19	Change
Revenue	15,082	17,254	-12.6%
Gross profit	5,486	7,818	-29.8%
Gross profit Margin	*36.4%*	*45.3%*	*-8.9ppt*
Operating expenses	(4,205)	(4,772)	-11.9%
EBITDA	**1,281**	**3,046**	**-57.9%**
Net (loss)/profit	**(5,588)**	**(1,992)**	**NMF**
CASH FLOW HIGHLIGHTS[2]			
Net cash flows from operating activities	4,475	1,797	NMF
Net cash flows from investing activities	(1,036)	(3,844)	NMF
Net cash flows from financing activities	(4,405)	(872)	NMF
Net proceeds from borrowings	*(2,412)*	*430*	*NMF*
Cash, ending balance	**4,650**	**5,841**	**-20.4%**

Beer Business

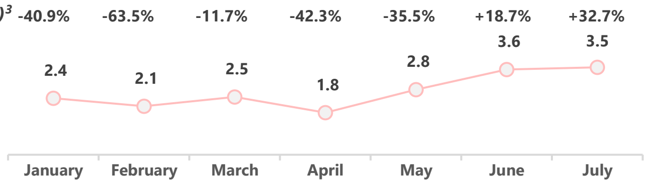
INCOME STATEMENT HIGHLIGHTS[2]	1H20	1H19	Change
Revenue	21,103	18,241	15.7%
Gross profit	6,680	4,867	37.2%
Gross profit Margin	*31.7%*	*26.7%*	*5.0ppt*
Operating expenses	(6,661)	(11,331)	-41.2%
EBITDA	**19**	**(6,464)**	**NMF**
Net loss	**(14,212)**	**(20,619)**	**31.1%**
CASH FLOW HIGHLIGHTS[2]			
Net cash flows from operating activities	2,449	(8,783)	NMF
Net cash flows from investing activities	(3,027)	(15,810)	-80.9%
Net cash flows from financing activities	5,736	26,683	-78.5%
Net proceeds from borrowings	5,002	20,061	-75.1%
Cash, ending balance	**7,499**	**3,055**	**NMF**

WINE BUSINESS

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*

Revenue

Change (y-o-y)[3]



KEY POINTS

- Export sales volume largely flat y-o-y at 2.1 million bottles
- 1H20 revenues down 12.6% y-o-y, reflecting 13.3% decrease in average sales price on export markets
- Wine sales rebounded from June to 22.8% y-o-y growth in revenues, with y-o-y growth accelerating to 32.7% in July
- 1H20 operating cash flow up from GEL 1.8 million to GEL 4.5 million

Despite the pandemic, the wine business managed to keep export sales volume flat y-o-y at 2.1 million bottles and maintained export market share at 5% in line with the last year. The beginning of 2020 was relatively successful for the wine business, as it tapped the strategic premium export markets. The first export was made to the UK and trading partners were added in key export countries, such as Germany, China, Russia and Ukraine. At the same time, the wine business made significant improvements to wine quality in all wine types and price segments. The business ranks #7 in terms of exported volume from Georgia. However, excluding wine exports to Russia, the business holds #3 rank with 10% export market share, while the #1 player has only 11% market share.

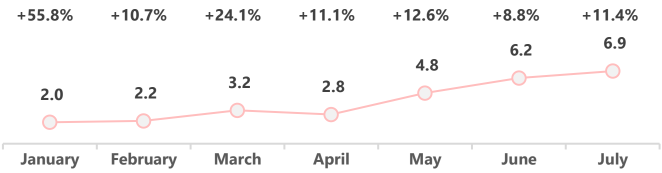
Despite promising volume sales, revenue fell by 12.6% y-o-y in 1H20, reflecting local sales drop and lower average selling price on the export markets (down to $2.4 in 1H20 from $2.7 in 1H19). Export sales accounted for 92% in 1H20 revenues (84% in 1H19). Starting from June, the business benefited from new counterparties in key export markets and revenues rebounded to GEL 3.6 million, up 18.7% y-o-y. The trend was continued in July and revenues were up 32.7% y-o-y. 1H20 operating cash flow improved significantly from GEL 1.8 million to GEL 4.5 million as the business focused on cash generation and preservation.

BEER BUSINESS

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*

Revenue

Change (y-o-y)



KEY POINTS

- Strong beer sales leading to sustainable 22% market share in 1H20 (up from 17.5% in 1H19)
- Local sales volume up 30% y-o-y driven by increased consumption during the lockdown
- 1H20 EBITDA at break-even level, while 1H20 operating cash flow was GEL 2.4 million

The beer business benefited from full scale launch of new brands over the last twelve months. Overall, better portfolio, improved product mix, lower materials cost, price increases and better sales coverage allowed the business to increase beer market share y-o-y from 17.5% to 22% in 1H20 and achieve a 15.7% y-o-y growth in 1H20 revenues. In addition, following the COVID-19 outbreak, the business has seen an uplift in beer sales through retail stores as consumers began to enjoy our products at home. The business also continued to tap the international markets, by exporting its mainstream beer and lemonade brands to Azerbaijan, Moldova, Armenia, Ukraine, Poland and China. Boosting lemonade sales is important for the business to smooth sales seasonality. As a result, 1H20 export sales volume increased by 185% and local market sales volume by 30% y-o-y for both beer and lemonade, in aggregate. The business achieved break-even EBITDA in 1H20, up from negative GEL 6.5 million in 1H19. 1H20 operating cash flow rebounded at GEL 2.4 million (up from negative GEL 8.8 million in 1H19), reflecting improved profitability and decrease in up-front cash payments for trade expenses.

8. Education

(70-90% ownership)

Business description

Our education business currently combines majority stakes in three leading private schools, acquired in 2H19: British-Georgian Academy **(70% stake)**, the leading school in the premium segment of the market; Buckswood International School **(80% stake)**, well-positioned in the mid-level segment and Green School **(80%-90% ownership[3])**, a leading player in the affordable education segment. Georgia Capital aims to increase numbers of learners from current 2,524 learners to 27,000 learners by 2025.

GEL millions, unless otherwise noted	
Key highlights	**1H20**
LTM revenue	*26.2*
LTM EBITDA	*7.8*
LTM development capex	*(11.1)*
LTM maintenance capex	*-*
LTM FCF	*(2.3)*
LTM cash from operations	*8.8*
Net debt	*14.8*

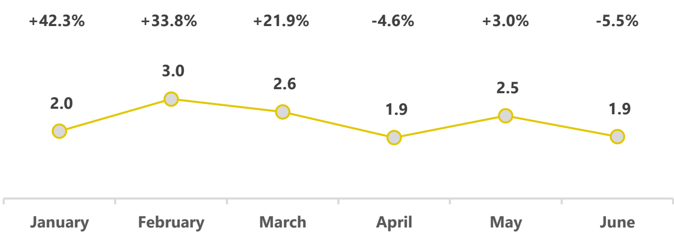
Key performance metrics	
Net investment	*56.1*
1H20 dividend	*-*
LTM ROIC[1]	*32.0%*
MOIC[1]	*1.4*
IRR[1]	*-*

(1) Please see definition on page 28.
(2) The detailed IFRS financial statements of Education is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
(3) 80% equity stake in the current campus and 90% equity stake in three new schools that will be developed under Green School brand.
(4) July revenue figures is not meaningful given that schools are not operational in Jul-Aug due to holidays.

1H20 performance *(GEL '000, unless otherwise noted)*

INCOME STATEMENT HIGHLIGHTS[2]	**1H20**	**1H19**	**Change**
Revenue	13,955	12,235	14.1%
Salaries and employee benefits	(7,177)	(5,391)	33.1%
Other operating expenses	(1,601)	(2,085)	-23.2%
EBITDA	**5,177**	**4,759**	**8.8%**
EBITDA Margin	*37.1%*	*38.9%*	*-1.8ppts*
Net (loss)/profit	**2,081**	**1,777**	**17.1%**
CASH FLOW HIGHLIGHTS[2]			
Net cash flows from operating activities	4,867	6,334	-23.2%
Net cash flows from investing activities	(3,064)	(1,299)	NMF
Net cash flows from financing activities	243	(1,270)	NMF
Net proceeds from borrowings	*731*	*(565)*	*NMF*
Cash, ending balance	**7,138**	**6,434**	**11.0%**

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*



KEY POINTS

- 14.1% y-o-y increase in 1H20 revenues to GEL 14.0 million
- 6.1% increase in total enrollments to 2,524 learners
- EBITDA up by 8.8% y-o-y to GEL 5.2 million in 1H20
- 1H20 EBITDA margin remained strong at 37.1% (down 1.8ppts y-o-y), as the schools successfully transitioned to a distance learning framework during COVID-19

INCOME STATEMENT HIGHLIGHTS

1H20 revenues were up 14.1% y-o-y to GEL 14.0 million mainly on the back of 6.1% y-o-y growth in the total enrollment. 1H20 combined school capacity utilization rate of 89.8% (up 3.9ppts y-o-y) increased as follows: up to 95.1% and 761 learners in BGA (91.4% and 731 learners in 1H19), up to 90.1% and 685 learners in Buckswood (87.1% and 627 learners in 1H19), up to 86.2% and 1,078 learners in Green School (81.7% and 1,021 learners in 1H19).

The business growth led to 33.1% y-o-y increase in the salaries and employment benefits in 1H20. The 23.2% y-o-y decrease in 1H20 operating expenses is driven by school closures since the COVID-19 outbreak. In light of the COVID-19, the schools are providing distance learning from March 1st until the end of 2019-2020 academic year. During the distance learning period, schools offered 21%-25% discount for tuition fees or roll-over of fees for catering/transportation services.

As a result, Education business EBITDA grew by 8.8% to GEL 5.2 million in 1H20. All three segments successfully transitioned to a distance learning framework immediately after schools closure with a marginal impact on EBITDA margin of 1.8ppts to 37.1% in 1H20 (38.9% in 1H19).

CASH FLOW HIGHLIGHTS

1H20 operating cash flow was down by 23.1% to GEL 4.9 million, as the schools provided flexibility and extended 2Q20 payments to 3Q20 in light of the COVID-19. Cash collection rates for 2019-2020 academic year, however, remained strong at 98.0%, 96.4% and 91.7% for premium, mid-level and affordable segments, respectively. The Ministry of Education has already officially announced the reopening of schools from the beginning of September.

9. Auto Service

(90%-100% ownership)

Business description

Auto services is currently a very fragmented market with an annual value of approximately GEL 2.8 billion. Georgia Capital aims to build a diversified business model with a digital platform combining different auto-related services: car services and parts, secondary car trading, car insurance and periodic technical inspection (PTI).

Georgia Capital **owns 100%** in the greenfield PTI business, fully launched from Mar-19 under the name of Greenway Georgia (GWG).

Georgia Capital **owns 90%** in Amboli (the second largest player on the car services and parts market with approximately 1% market share), acquired in Jun-19.

GEL millions, unless otherwise noted

Key highlights	1H20	1H19	Change
LTM revenue	30.3	5.3	NMF
LTM EBITDA	2.5	(0.8)	NMF
LTM development capex	(2.0)	(49.0)	-95.9%
LTM maintenance capex	-	-	NMF
LTM FCF	(3.4)	(50.6)	93.2%
LTM cash from operations	(1.4)	(1.2)	-19.0%
Net debt	64.4	51.3	25.6%

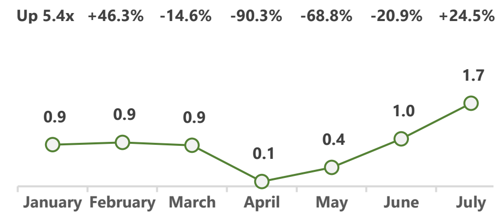
Key performance metrics	
Net investment	14.2
1H20 Dividend	-
LTM ROIC[1]	-1.5%
MOIC[1]	1.1
IRR[1]	-

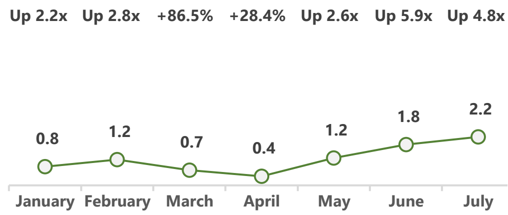
(1) Please see definition on page 28.
(2) The detailed IFRS financial statements of Auto Service is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

1H20 performance *(GEL '000, unless otherwise noted)*

Income statement highlights[2]	1H20	1H19	Change
Revenue	16,031	5,304	NMF
Gross profit	**3,791**	**3,023**	**25.4%**
Gross profit margin	*23.6%*	*57.0%*	*-33.3ppts*
Operating expenses	(3,112)	(2,410)	29.1%
EBITDA	**680**	**613**	**10.9%**
EBITDA margin	*4.2%*	*11.6%*	*-7.3ppts*
Net loss	**(6,512)**	**(3,321)**	**96.1%**
Cash flow highlights[2]			
Net cash flows from operating activities	(1,430)	(100)	NMF
Net cash flows used in investing activities	(97)	(13,831)	-99.3%
Net cash flows from financing activities	2,309	13,939	-83.4%
Cash ending balance	**997**	**1,459**	**-31.6%**
Balance sheet highlights[2]	**Jun-20**	**Dec-19**	**Change**
PPE, net & Intangible assets	54,940	54,275	1.2%
Total assets	**65,806**	**65,895**	**-0.1%**
Total liabilities	**69,861**	**67,540**	**3.4%**

MONTHLY PERFORMANCE IN 2020 *(GEL millions, unless otherwise noted)*





KEY POINTS

- Mandatory testing suspended during lockdown leading to number of cars serviced down 28.5% y-o-y
- Strong rebound observed starting from Jun-20, with Jul-20 PTI revenues up 24.5% y-o-y and Jul-20 Amboli revenues were up 4.8x y-o-y

INCOME STATEMENT HIGHLIGHTS

In 1H20, the gross profit distribution across three segments was: 59% from PTI, 33% from Amboli and 8% from Carfest. However, as Amboli and Carfest (the car trading platform) are in the start-up phase, the PTI business was the main contributor of earnings at EBITDA level with GEL 0.9 million contribution.

The PTI business was negatively affected by the lockdown during 1H20, when a suspension of the periodic testing requirement until 22nd of May was introduced by the government. During Apr-May 2020, 16 centres located in the regions were temporarily closed and only nine centres in the capital city were operational. Technical inspection for vehicles with deadlines falling during the lockdown period was extended until 22nd of July by the government. As the lockdown was lifted, the business fully reopened all of its centers during May and June.

As a result, 1H20 PTI revenues were down by 22.7% y-o-y to GEL 4.1 million with gross profit margin of 54.7% (down by 2.3ppts y-o-y). The business serviced 100,400 cars (down 28.5% y-o-y), resulting in approximately 34% market share. The number of primary car checks was 73,091 in 1H20, down 28.0% y-o-y. However, on the back of cost optimisation initiatives, PTI EBITDA was up by 39.3% y-o-y to GEL 0.9 million in 1H20 with 20.8% EBITDA margin, a 9.3ppts improvement y-o-y. The number of cars serviced increased and revenues improved starting from June. The trend continued in July, where number of primary car checks was up 19.4% y-o-y to 31,392 and revenue was up 24.5% y-o-y to GEL 1.7 million.

Reconciliation of IFRS 16 adjusted measures to IFRS

IFRS 16 impact. IFRS 16 "Leases" is effective from 1 January 2019. The key change arising from IFRS 16 is that rent expense is reclassified from operating expense to interest and depreciation expense. Assets and liabilities also increased as lease liabilities and right-of-use assets are recognized on the statement of financial position as the discounted cash flows of future rent payments. As such, IFRS 16 had the most material impact on GHG and mainly on its pharmacy and distribution business. As the impact is solely the result of the accounting change, we discuss GHG's performance based on financial results excluding IFRS 16 impact. Although, the full effects of IFRS 16 is provided below:

GHG, Consolidated Income Statement 1H20 ***(in GEL '000)***	**Before IFRS 16**	***IFRS 16 effects***	**After IFRS 16**
Gross profit	146,833	-	146,833
Operating Expenses	(84,264)	*11,270*	(72,994)
EBITDA	**62,569**	***11,270***	**73,839**
Depreciation and amortization	(19,561)	*(9,624)*	(29,185)
Net interest income (expense)	(21,385)	*(3,105)*	(24,490)
Net gains/(losses) from foreign currencies	(6,393)	*(4,031)*	(10,424)
Net non-recurring income/(expense)	(2,334)	-	(2,334)
Profit before income tax expense	**12,896**	***(5,490)***	**7,406**
Income tax benefit/(expense)	(1,548)	-	(1,548)
Profit for the period	**11,348**	***(5,490)***	**5,858**

GHG, Consolidated Statement of Cash flow 1H20 ***(in GEL '000)***	**Before IFRS 16**	***IFRS 16 effects***	**After IFRS 16**
Net cash flow from operating activities	89,998	*11,270*	101,268
Net cash flow from investing activities	(18,981)	-	(18,981)
Net cash flow from financing activities	14,874	*(11,270)*	3,604
Exchange (losses)/gains on cash equivalents	2,142	-	2,142
Total cash inflow/(outflow)	**88,033**	**-**	**88,033**
Cash, beginning balance	32,005	-	32,005
Cash, ending balance	**120,038**	**-**	**120,038**

GHG, Consolidated Income Statement 1H19 ***(in GEL '000)***	**Before IFRS 16**	***IFRS 16 effects***	**After IFRS 16**
Gross profit	150,048	-	150,048
Operating Expenses	(75,272)	*10,387*	(64,885)
EBITDA	**74,776**	***10,387***	**85,163**
Depreciation and amortization	(17,654)	*(9,155)*	(26,809)
Net interest income (expense)	(20,702)	*(2,651)*	(23,353)
Net gains/(losses) from foreign currencies	(4,244)	*(4,751)*	(8,995)
Net non-recurring income/(expense)	(527)	-	(527)
Profit before income tax expense	**31,649**	***(6,170)***	**25,479**
Income tax benefit/(expense)	(357)	-	(357)
Profit for the period	**31,292**	***(6,170)***	**25,122**

GHG, Consolidated Statement of Cash flow 1H19 ***(in GEL '000)***	**Before IFRS 16**	***IFRS 16 effects***	**After IFRS 16**
Net cash flow from operating activities	55,170	*10,552*	65,722
Net cash flow from investing activities	(22,007)	-	(22,007)
Net cash flow from financing activities	(53,923)	*(10,552)*	(64,475)
Exchange (losses)/gains on cash equivalents	6	-	6
Total cash inflow/(outflow)	**(20,754)**	**-**	**(20,754)**
Cash, beginning balance	47,961	-	47,961
Cash, ending balance	**27,207**	**-**	**27,207**

Additional financial information[24]

Georgia Capital

To provide full transparency, we provide 2Q20 NAV Statement presenting the changes in NAV since 31 March 2020, which was disclosed in 1Q20 trading update:

GEL '000, unless otherwise noted	Mar-20	1. Value creation	2a. Investments	2b. Buybacks	2c. Dividends	3. Operating expenses	4b. Liquidity mgmt./FX /Other	Jun-20	Change %
Listed Portfolio Companies	**660,067**	**70,002**	**-**	**-**	**-**	**-**	**-**	**730,069**	**10.6%**
GHG	295,455	40,212	-	-	-	-	-	335,667	13.6%
BoG	364,612	29,790	-	-	-	-	-	394,402	8.2%
Private Portfolio Companies	**1,139,711**	**(48,340)**	**204**	**-**	**-**	**-**	**4,814**	**1,096,389**	**-3.8%**
Late Stage	**613,323**	**(7,916)**	**-**	**-**	**-**	**-**	**1,504**	**606,911**	**-1.0%**
Water Utility	432,301	5,840	-	-	-	-	848	438,989	1.5%
Housing Development	39,921	(18,026)	-	-	-	-	656	22,551	-43.5%
P&C Insurance	141,101	4,270	-	-	-	-	-	145,371	3.0%
Early Stage	**500,918**	**(40,421)**	**32**	**-**	**-**	**-**	**3,310**	**463,839**	**-7.4%**
Renewable Energy	151,150	32,720	-	-	-	-	847	184,717	22.2%
Hospitality & Commercial RE	218,623	(82,756)	-	-	-	-	2,463	138,330	-36.7%
Beverages	74,795	(14,732)	-	-	-	-	-	60,063	-19.7%
Education	56,350	24,347	32	-	-	-	-	80,729	43.3%
Pipeline	**25,470**	**(3)**	**172**	**-**	**-**	**-**	**-**	**25,639**	**0.7%**
Auto Service	15,052	(3)	-	-	-	-	-	15,049	0.0%
Digital Services	8,790	-	-	-	-	-	-	8,790	0.0%
Other	1,628	-	172	-	-	-	-	1,800	10.6%
Total Portfolio Value (1)	**1,799,778**	**21,662**	**204**	**-**	**-**	**-**	**4,814**	**1,826,458**	**1.5%**
Net Debt (2)	**(659,596)**	**-**	**(889)**	**-**	**-**	**(3,934)**	**31,869**	**(632,550)**	**-4.1%**
of which, Cash and liquid funds	170,109	-	(889)	-	-	(3,934)	(18,556)	146,730	-13.7%
of which, Loans issued	135,878	-	-	-	-	-	(2,537)	133,341	-1.9%
of which, Gross Debt	(965,583)	-	-	-	-	-	52,962	(912,621)	-5.5%
Net other assets/ (liabilities) (3)	**(2,846)**	**-**	**685**	**(287)**	**-**	**(2,636)**	**8,679**	**3,595**	**NMF**
Of which, share-based comp.	-	-	-	-	-	*(2,636)*	*2,636*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**1,137,336**	**21,662**	**-**	**(287)**	**-**	**(6,570)**	**45,362**	**1,197,503**	**5.3%**
NAV change %		***1.9%***	***-***	***0.0%***	***-***	***-0.6%***	***4.0%***	***5.3%***	
Shares outstanding	37,686,056	-	-	(21,129)	-	-	147,002	37,811,929	0.3%
Net Asset Value per share	**30.18**	**0.57**	**-**	**0.01**	**-**	**(0.17)**	**1.08**	**31.67**	**4.9%**
NAV per share change %		***1.9%***	***-***	***0.0%***	***-***	***-0.6%***	***3.6%***	***4.9%***	

[24] The detailed IFRS financial statements of Portfolio companies is included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

Glossary

1. **GCAP** refers to the aggregation of stand-alone Georgia Capital PLC and stand-alone JSC Georgia Capital accounts
2. **Georgia Capital** and "the Group" refer to Georgia Capital PLC and its portfolio companies as a whole
3. **NMF** – Not meaningful
4. **NAV** – Net Asset Value, represents the net value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities.
5. **LTM** – last twelve months
6. **NTM** – next twelve months
7. **EBITDA** - Earnings before interest, taxes, non-recurring items, FX gain/losses and depreciation and amortization; The Group has presented these figures in this document because management uses EBITDA as a tool to measure the Group's operational performance and the profitability of its operations. The Group considers EBITDA to be an important indicator of its representative recurring operations.
8. **ROIC** – return on invested capital is calculated as EBITDA less depreciation, divided by aggregate amount of total equity and borrowed funds
9. **IRR** - for portfolio companies is calculated based on a) historical contributions to the portfolio company less b) dividends received and c) market / fair value of the portfolio company at 30 June 2020.
10. **MOIC** – Multiple of Capital Invested is calculated as follows: i) the numerator is the cash and non-cash inflows from dividends and sell-downs plus fair value of investment at reporting date ii) the denominator is the gross investment amount.
11. **Realised MOIC** – Realised Multiple of Capital Invested is calculated as follows: i) the numerator is the cash and non-cash inflows from dividends and sell-downs ii) the denominator is the gross investment amount.
12. **Loss ratio** equals net insurance claims expense divided by net earned premiums
13. **Expense ratio** in P&C Insurance equals sum of acquisition costs and operating expenses divided by net earned premiums
14. **Combined ratio** equals sum of the loss ratio and the expense ratio in the insurance business
15. **ROAE** – Return on average total equity (ROAE) equals profit for the period attributable to shareholders divided by monthly average equity attributable to shareholders of the business for the same period for BoG and P&C Insurance;
16. **Net investment** - gross investments less capital returns (dividends and sell-downs)
17. **EV** – enterprise value
18. **NOI** – net operating income
19. **Liquid assets & loans issued** include cash, marketable debt securities and issued short-term loans
20. **Total return / value creation** - total return / value creation of each portfolio investment is calculated as follows: we aggregate a) change in beginning and ending fair values, b) gains from realized sales (if any) and c) dividend income during period. We then adjust the net result to remove capital injections (if any) to arrive at the total value creation / investment return.
21. **WPP** – Wind power plant
22. **HPP** – Hydro power plant
23. **PPA** – Power purchase agreement

Principal risks and uncertainties

Understanding our risks
In the Group's 2019 Annual Report and Accounts we disclosed the principal risks and uncertainties and their potential impact, as well as the trends and outlook associated with these risks and the actions we take to mitigate these risks. We have updated this disclosure to reflect recent developments and this is set out in full below. If any of the following risks were to occur, the Group's business, financial condition, results of operations or prospects could be materially affected. The risks and uncertainties described below may not be the only ones the Group faces. The order in which the principal risks and uncertainties appear does not denote their order of priority. Additional risks and uncertainties, including those that the Group is currently not aware of or deems immaterial, may also result in decreased revenues, incurred expenses or other events that could result in a decline in the value of the Group's securities.

NOVEL CORONAVIRUS (COVID-19) RISK	
PRINCIPAL RISK / UNCERTAINTY	The Georgian economy may be affected by adverse developments in the global economy arising from the outbreak of COVID-19. It was reported on Worldometer, that as of 18 August 2020, over 22 million people have been infected globally and over 780,000 deaths have resulted from COVID-19 infection. Almost all countries have implemented travel restrictions and/or advised against travel. Fully effective vaccines have yet to be developed and, despite announcements due for late Autumn, there can be no assurance that an effective vaccine will be discovered or commercially manufactured. It is expected that the COVID-19 outbreak will have a severe impact on global macroeconomic conditions, with the International Monetary Fund (IMF) having cut its global GDP growth forecast for 2020 from 3.3% (based on forecast made in January 2020) to -4.9% in June 2020 in response to the crisis. This will continue to adversely affect the Georgian economy, which is expected to experience a 4% decline in GDP year-on-year in 2020, according to the IMF. The Georgian economy may also be affected by adverse developments in local Georgian infection rates and the public health policy response. Georgia has, so far, managed to effectively deal with the COVID-19 pandemic. The Georgian Government has taken significant actions at the early stage of COVID-19 outbreak. Border checks began on 27 February, schools switched to distance learning from 29 February, travel restrictions for neighbouring countries were imposed on 5 March, followed by mandatory self-isolation/quarantine since 9 March. All borders were closed on 18 March and a state of emergency in effect from 21 March to 22 May 2020 imposed strict containment measures, such as quarantining municipalities with local outbreaks, stricter restriction on movements for the individuals aged 70 or above and a mandatory curfew requiring the population to stay indoors from 9pm to 6am. Business activity gradually recovered since 27 April 2020, as the six-stage lockdown exit plan has been brought forward due to favourable epidemiological developments, and most economic activity has resumed since mid-July. Georgia lifted restrictions on domestic tourism from 15 June 2020 and opened borders to Germany, France, Latvia, Lithuania and Estonia from 8 July.
KEY DRIVERS / TRENDS	The coronavirus clearly presents difficult to assess near- and medium-term risks to the Georgian economy, especially to tourism, and will prove to be a major challenge for the economy. The outbreak presents both supply and demand side shocks and will have multiple repercussions through various channels, depending on its severity and duration. As a small open economy (external merchandise trade around 74% of GDP), Georgia is highly dependent on foreign currency inflows to finance its current account deficit, so a material deterioration in tourism revenues or a substantial fall in foreign investment sentiment will significantly impact growth prospects. The global spread of downside risks will contract foreign demand and thus exports, and could reduce remittance inflows. Measures preventing the virus from spreading and

	increased uncertainty will significantly affect domestic sentiment and demand, negatively impacting consumption and domestic absorption as a whole. The state of emergency led to decreased economic activity in Georgia and the temporary closure of many businesses and operations in Georgia. The Group's hospitality & commercial real estate business in particular was negatively affected by the lockdown. The auto service business was also severely affected temporarily due to the suspension of mandatory car inspections. Other Group businesses that were/are most exposed to the lockdown and a slow re-opening are banking, housing development, hospitals & clinics and beer businesses. ➢ Tourism revenues, which comprise a substantial portion of Georgia's GDP, had an immediate negative impact on hotels and restaurants. Worsening economic conditions, as well as a decline in the number of tourists visiting Georgia, resulted in a reduction of demand for hotel rooms in Tbilisi and other regions of Georgia, which adversely affected the occupancy and average daily rates of hotel rooms at Georgia Real Estate's hotels in 2020 and possibly beyond, and as a result impact the growth, development and results of the Group's hospitality business. Further, market conditions resulted in temporary or permanent reductions in the value of the company's hospitality and commercial real estate portfolio. ➢ The social distancing measures implemented by countries around the world to slow the spread of COVID-19 could result in a global recession and financial crisis. As economic activity is drastically reduced for several months, many businesses could be forced to close, leading to an increase in unemployment. As businesses and unemployed workers no longer have the income to pay their outstanding debts, the number of defaults could significantly increase, which would have adverse impact on Bank of Georgia and respectively, the value of Group's holding in BOG. ➢ The COVID-19 outbreak will have a delayed negative effect on property valuation, which could have a material adverse effect on the Group's housing development business. Furthermore, the buyers of apartments developed by Housing Development are highly dependent on mortgages to finance their purchases. If the banks stop offering mortgage loans to prospective buyers of these properties, or if there is a deterioration in economic conditions in Georgia, potential buyers of properties constructed by Housing Development may not be able to obtain mortgage loans, which could lead to a decline in residential sales performance and negatively affect Georgia Real Estate's financial results. Lower sales could also impact the liquidity position of Georgia Real Estate and could require Georgia Real Estate to pursue alternative sources of funds to complete its future development projects. ➢ The spread of COVID-19 may create a spike in healthcare demand in Georgia, as well as create new regulatory, operational, financial and reputational risks. The increased flow of infected patients may become uncontrollable, and although GHG is not currently treating patients affected by COVID-19, if the disease is not contained and quickly spreads widely, GHG's facilities could be utilised and could be overwhelmed. ➢ The COVID-19 outbreak might adversely affect the beer consumption, as beer consumption significantly depends on HoReCa sales channels.
MITIGATION	The Government of Georgia's (GoG) effective steps resulted in the lowest number of confirmed cases and deaths per capita in the region. In a population of about 3.7 million, there have been 1,351 confirmed cases, 1,092 recovery cases and 17 deaths as of 18 August 2020. Most active cases remain traceable. At the same time, GoG has secured US$ 3 billion in funding from international financial organizations for Georgia's public and private sectors, which is expected to be more than sufficient to fund the twin deficits. National Bank of

	Georgia (NBG) eased capital requirements, introduced a $400 million currency swap facility, sold $270 million to provide FX liquidity and reduced the monetary policy rate by 100bps to 8.0%. Special support packages were introduced for different sectors: ➢ Tourism: Loan co-financing, income tax deferral and property tax exemption in 2020; ➢ Development sector: 4% subsidy for 5 years on mortgage loans under GEL 200,000 issued during Jul-Dec 2020 to purchase new apartments; and Government guarantees of 20% for the same pool of mortgage loans; Acquiring residential properties for IDP (Internally displaced persons) households; Procurement guarantees for up to 30% of the residential space envisaged by projects, with commitment of purchasing unrealized space over the next three years. ➢ Agriculture: Subsidies for intermediate products, fuels and irrigation; loan and insurance cofinancing; direct grants to farmers; All farmers should register lands by 1 January 2021, as aid package is directly tied to proof of ownership; ➢ Subsidies for utility bills, basic product prices and construction materials; ➢ Loan restructuring for all businesses; ➢ VAT returns and long term funds for banks; ➢ Extra funding to support business, including a credit guarantee scheme (GEL 2 billion); ➢ Tax deferrals for car importers; ➢ Social aid programs to address job losses; ➢ Pension indexation from Jan-21; A large part of Georgia Capital's portfolio is concentrated across defensive countercyclical sectors: the water utility and healthcare and pharmacy distribution businesses. Georgia Capital has a strong liquidity position, with GEL 280 million liquid assets and loans issued at 30 June 2020 (GEL 306 million at 31 March 2020). We are also satisfied that Georgia Capital's liquidity forecast adequately accounts for the novel coronavirus risk. Further, Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. Therefore, capital allocations to portfolio companies may be suspended, if needed. The Group identified the following mitigating actions: suspension of share buybacks and suspension of capital allocations together with optimization of cash operating expenses. Our businesses remained mostly resilient during the 2Q20 and since the end of lockdown in the 2nd half of May, we have seen a rapid recovery in the profitability of almost all our portfolio companies from the April's low, with 11% y-o-y aggregated revenue growth in the month of June. The trend was maintained in July, with aggregated revenues from portfolio companies growing at 6.9% y-o-y. Aggregated operating cash flow generation was strong, up 96.0% y-o-y to GEL 179.8 million in 1H20 and aggregated cash position of portfolio companies was GEL 282 million at 30 June 2020 (up from GEL 210 million at 31 March 2020), further benefiting from opex optimization and cash preservation initiatives during COVID-19. Please refer to pages 6-25, where we describe in details 2Q20 and 1H20 performance of GCAP and our businesses. From the macroeconomic perspective, both fiscal and monetary authorities have announced coordinated measures to mitigate the negative impact of the shock. A GEL 3.5 billion (7% of GDP) fiscal stimulus package is already in place, and the government has managed to accumulate a GEL 2.7 billion (5.4% of GDP) fiscal buffer in case of a second outbreak or a deeper than expected recession. The government borrows from external creditors to finance its greater needs in parallel with shrinking revenues, with the overall deficit expected to reach 8.5% but public debt a still manageable 55% of GDP. Countercyclical capital buffers, which were accumulated for years in the banking sector, have been released by NBG to absorb potential losses and

	continue funding the economy. NBG has also been gradually lowering the refinancing rate, as well as easing regulatory requirements and providing FX liquidity to the markets. Fast indicators reveal that the worst may be behind, as gradual recovery has begun since the low point of April, with external trade accelerating, remittance inflows registering a 17% annual growth in June, and real GDP contraction falling to single digit levels after double-digit recession in April and May.
REGIONAL INSTABILITY	
PRINCIPAL RISK / UNCERTAINTY	The Georgian economy and our business may be adversely affected by regional tensions. Georgia shares borders with Russia, Azerbaijan, Armenia and Turkey and has two breakaway territories, Abkhazia and the Tskhinvali Region/South Ossetia. Countries within the region, including Azerbaijan, Armenia, Russia and Turkey are key trading partners of Georgia. There has been ongoing geopolitical tension, political instability, economic instability and military conflict in the region, which may have an adverse effect on our business and financial position. The continuation or escalation of political instability, geopolitical conflict, economic decline of Georgia's trading partners and any future deterioration of Georgia's relationship with Russia, including in relation to border and territorial disputes, may have a negative effect on the political or economic stability of Georgia, which in turn may have an adverse effect on our business including putting adverse pressure on our business model, our revenues, our financial position and valuations of our listed and private portfolio companies.
KEY DRIVERS / TRENDS	Russia imposed economic sanctions on Georgia in 2006, and conflict between the countries escalated in 2008 when Russian forces crossed Georgian borders and recognised the independence of Abkhazia and the Tskhinvali/South Ossetia regions. Russian troops continue to occupy the regions and tensions between Russia and Georgia persist. The introduction of a preferential trade regime between Georgia and the EU in 2016, and the European Parliament's approval of a proposal on visa liberalisation for Georgia in 2017, can potentially intensify tensions between the countries. Russia banned direct flights on July 8, 2019 and recommended to stop selling holiday packages to Georgia. The decision was made in response to anti-Putin protests in Tbilisi, which started after a member of the Russian parliament addressed the Georgian parliament in Russian from the speaker's chair. The ongoing conflict between Russia and Ukraine, and Russia's and Turkey's worsening relations with the US and between themselves, also increase uncertainties in the region. There is an ongoing conflict between Azerbaijan and Armenia which impacts the region, including a recent escalation of hostilities between the two countries in July 2020.
MITIGATION	The Group actively monitors significant developments in the region and risks related to political instability and the Georgian Government's response thereto. It also develops responsive strategies and action plans of its own. The Georgian export market shifted significantly away from the Russian market after Russia's 2006 embargo, and the Group participated in that shift. As the tourism sector recovers, the Government's ongoing action plan to diversify tourism revenues should serve well to reduce exposure to Russia. Tourism revenues from the EU increased by 20% y-o-y in 2019. While financial market turbulence and geopolitical tensions affect regional trading partners, Georgia's preferential trading regimes, including DCFTA with the EU and FTA with China, support the country to enhance resilience to regional external shocks. China became the largest destination country of Georgian exports in the first half of 2020.
REGULATORY RISK	
PRINCIPAL RISK / UNCERTAINTY	The Group owns businesses operating across a wide range of industries: banking, healthcare services, pharmacy and distribution, property and casualty insurance, real estate, water utility and electric power generation, hydro power,

	wine and beverages, education, auto service and digital services. Many of these industries are highly regulated. The regulatory environment continues to evolve, and we cannot predict what additional regulatory changes will be introduced in the future or the impact they may have on our operations.
KEY DRIVERS / TRENDS	Each of our businesses is subject to different regulators and regulation. Legislation in certain industries, such as banking, healthcare, energy, insurance and utilities is continuously evolving. Different changes, including but not limited to, Governmental funding, licensing and accreditation requirements and tariff structures may adversely affect our businesses.
MITIGATION	Continued investment in our people and processes is enabling us to meet our current regulatory requirements and means that we are well placed to respond to any future changes in regulation. Further, our investment portfolio is well diversified, limiting exposure to particular industry specific regulatory risks. In line with our integrated control framework, we carefully evaluate the impact of legislative and regulatory changes as part of our formal risk identification and assessment processes and, to the extent possible, proactively participate in the drafting of relevant legislation. As part of this process, we engage where possible in constructive dialogue with regulatory bodies and seek external advice on potential changes to legislation. We then develop appropriate policies, procedures and controls as required to fulfil our compliance obligations. Our compliance framework, at all levels, is subject to regular review by Internal Audit and external assurance providers.
INVESTMENT RISK	
PRINCIPAL RISK / UNCERTAINTY	The Group may be adversely affected by risks in respect of specific investment decisions.
KEY DRIVERS / TRENDS	An inappropriate investment decision might lead to poor performance. Investment risks include inadequate research and due diligence of new acquisitions and bad timing of the execution of both acquisition and divestment decisions. The valuation of investments can be volatile in line with the market developments.
MITIGATION	The Group manages investment risk with established procedures for thorough evaluation of target acquisitions. Investment opportunities are subject to rigorous appraisal and a multi-stage approval process. Target entry and exit event prices are monitored and updated regularly, in relation to market conditions and strategic aims. The Group performs due diligence on each target acquisition including financial and legal matters. Subject to an evaluation of the due diligence results an acceptable price and funding structure is determined, and the pricing, funding and future integration plan is presented to the Investment Committee (consisting of the full Board) for approval. The Committee reviews and approves or rejects proposals for development, acquisition and sale of investments and decides on all major new business initiatives, especially those requiring a significant capital allocation. The Investment Committee focuses on both investment strategy and exit processes, while also actively managing exit strategies in light of the prevailing market conditions.
LIQUIDITY	
PRINCIPAL RISK / UNCERTAINTY	Risk that liabilities cannot be met, or new investments made, due to a lack of liquidity. Such risk can arise from not being able to sell an investment due to lack of demand from the market, from suspension of dividends from portfolio companies, from not holding cash or being able to raise debt.
KEY DRIVERS / TRENDS	The Group predominantly invests in private portfolio businesses, potentially making the investments difficult to monetise at any given point in time. There is a risk that the Group will not be able to meet its financial obligations and liabilities on time due to lack of cash or liquid assets or the inability to generate sufficient liquidity to meet payment obligations. This may be caused by

	numerous factors, such as: the inability to refinance long-term liabilities; suspended dividend inflows from the Group's portfolio companies; excessive investments in long-term assets and a resulting mismatch in the availability of funding to meet liabilities; or failure to comply with the creditor covenants causing a default.
MITIGATION	The liquidity management process is a regular process, where the framework is approved by the Board and is monitored by senior management and the Chief Financial Officer. The framework models the ability of the Group to fund under both normal conditions (Base Case) and during stressed situations. This approach is designed to ensure that the funding framework is sufficiently flexible to ensure liquidity under a wide range of market conditions. The Finance department monitors certain liquidity measures on a daily basis and is 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 US$ 300 million bonds in March 2018. The debt is actively managed so that Georgia Capital maintains a maximum loan to value (LTV) ratio of 30%. GCAP has adopted the following measures to manage its standalone credit profile: • GCAP depends on dividend inflows from its portfolio companies, on its ability to sell its listed securities on the public markets at favourable prices, and on its ability over the longer term to monetize its private portfolio investments. To limit this dependency, the Group has adopted a policy to maintain a cash buffer of at least US$ 50 million in highly-liquid assets in order to always have sufficient capacity for potential downside scenarios as well as for potential acquisition opportunities. Additionally, the Group will maintain at least US$ 50 million in marketable securities which can be converted into cash within three to four weeks (this includes BoG shares); and • the market value leverage (Net Debt divided by Asset Portfolio) should be no more than 30% at all times, where ''Net Debt'' is defined as borrowings plus guarantees issued and commitments from financial institutions minus liquid assets and ''Asset Portfolio'' is defined as the sum of fair values of portfolio company investments and loans issued. The ratio exceeded 30% as of 30 June 2020, but is expected to return to targeted levels over the next 6-12 months, once the markets stabilise. • Recourse debt and guarantees are limited at GCAP and at each portfolio company level.
PORTFOLIO COMPANY STRATEGIC AND EXECUTION RISKS	
PRINCIPAL RISK / UNCERTAINTY	Market conditions may adversely impact our strategy and all our businesses have their own risks specific to their industry. Our businesses have growth and expansion strategies and we face execution risk in implementing these strategies. The Group will normally seek to monetise its investments, including through strategic sale, initial public offering or other appropriate exit, typically within five to 10 years from acquisition, and we face market and execution risk in connection with exits at reasonable prices.
KEY DRIVERS / TRENDS	Each of our private portfolio companies (Water Utility; Renewable Energy; Housing Development; Hospitality and Commercial Real Estate; P&C Insurance; Beverages; Education; Auto Service; and Digital Services, and GHG as of 5 August 2020) and our listed assets (Bank of Georgia) face their own risks. These include risks inherent to their industry, or to their industry particularly in

	Georgia, and each face significant competition. They also face the principal risks and uncertainties referred to in this table. Macroeconomic conditions, the financial and economic environment and other market conditions in international capital markets may limit the Group's ability to achieve a partial or full exit from its existing or future businesses at reasonable prices. It may not be possible or desirable to divest, including because suitable buyers cannot be found at the appropriate times, or because of difficulties in obtaining favourable terms or prices, or because the Group has failed to act at the appropriate time.
MITIGATION	For each business, we focus on building a strong management team and have successfully been able to do so thus far. Management succession planning is regularly on the agenda for the Nomination Committee which reports to the Board on this matter. The Board closely monitors the implementation of strategy, financial and operational performance, risk management and internal control framework and corporate governance of our businesses. We hold management accountable for meeting targets. For each industry in which we operate, we closely monitor industry trends, market conditions and the regulatory environment. We have also sought, and continue to seek, advice from professionals with global experience in relevant industries. We carry our private portfolio companies at fair value in our NAV Statement. After the switch to IFRS 10 on 31 December 2019, the valuations are audited, increasing the credibility of fair valuation and limiting the risk of mispricing the asset. 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. On 23 July 2020, the holding company of the Group's water utility business and the operational renewable energy assets (JSC Georgia Global Utilities or "GGU") has successfully priced an inaugural US$ 250 million green bond offering. The Regulation S/Rule 144A senior unsecured US$-denominated 7.75% green notes, with a 5-year maturity, represent the first-ever green notes from Georgia, further demonstrating our superior access to capital even during the current unprecedented times. Our acquisition history has also been successful and we have been able to integrate businesses due to our strong management with integration experience.
CURRENCY AND MACROECONOMIC ENVIRONMENT	
PRINCIPAL RISK / UNCERTAINTY	Unfavourable dynamics of major macroeconomic variables, including depreciation of the Lari against the US dollar may have a material impact on the Group's performance.
KEY DRIVERS / TRENDS	The Group's operations are primarily located in, and most of its revenue is sourced from, Georgia. Factors such as gross domestic product (GDP), inflation, interest and currency exchange rates, as well as unemployment, personal income, tourist numbers and the financial situation of companies, can have a material impact on customer demand for its products and services. The Lari floats freely against major currencies. Lari depreciation against the US dollar was 7.1% y-o-y at the end of 2019. The Lari depreciation was likely mainly driven by negative expectations caused by air travel ban, political tensions and protests. NBG responded by hiking the monetary policy rate by 250 basis points to 9% and declared that the policy stance would continue to be tightened until inflationary expectations are alleviated. In 2020, the COVID-19 outbreak, fear of recession and dropping oil prices caused significant capital outflows from our region, leading yields to widen and currencies to depreciate. After a brief period of rapid depreciation in March, the Lari has appreciated slightly and seems to have stabilized at around USD/GEL 3.07. Overall, the currency has depreciated by 6.5% YTD against dollar as of 18

	August 2020. NBG sold US$ 290 million on FX auctions in March-Aug, cut the refinancing rate by 100 bps to 8.00% and committed to use all available instruments, if necessary, to ease the pressure on prices. On the macro level, the free-floating exchange rate works well as a shock absorber, but on the micro level, the currency fluctuation has affected, and may continue to adversely affect, the Group's results. There is a risk that the Group incurs material losses or loses material amounts of revenue and, consequently, deteriorates its operating solvency in a specific currency or group of currencies due to the fluctuation of exchange rates. The risk is mainly caused by significant open foreign currency positions in the balance sheets. In April 2017, the IMF approved a new three-year US$ 285 million economic programme, aimed at preserving macroeconomic and financial stability and addressing structural weaknesses in the Georgian economy to support higher and more inclusive growth. The programme has been extended as a result of the request from Georgian authorities after the COVID-19 outbreak. Despite the regional turbulence and global slowdown risks, Georgian economic growth is expected to bounce back, inflation is managed and resilience to external shocks improves. Inflation is expected to decelerate towards the target through the 2H20 and the beginning of 2021, while real GDP growth seems on track for recovery in 2021. The current account deficit reached a historic low of 5.1% of GDP in 2019, providing space for a temporary expansion in 2020 as the economy absorbs the tourism sector shock. Official reserve assets continued to increase and amounted to US$ 3.6 billion at the end of June 2020, providing the necessary buffer for the economy. In 2019, Fitch and S&P upgraded the sovereign credit rating of Georgia from BB- to BB and maintained a stable outlook. Resilience to negative external shocks, robust economic growth, shrinking current account (CA) deficit, increasing reserves and decreasing path of general Government debt were the major drivers for the reduced risk premium of the country. Georgia's outlook was downgraded to negative by Fitch in April 2020 as a result of the COVID-19 outbreak, pointing to challenges from the tourism and fiscal sectors.
MITIGATION	The Group continually monitors market conditions, reviews market changes and also performs stress and scenario testing to test its position under adverse economic conditions, including adverse currency movements. The currency risk management process is an integral part of the Group's activities; currency risk is managed through regular and frequent monitoring of the Group's currency positions and through timely and efficient elaboration of responsive actions and measures. Senior management reviews 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 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.

Statement of Directors' Responsibilities

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

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

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

The Directors of the Group are as follows:
Irakli Gilauri
David Morrison
Kim Bradley
Jyrki Talvitie
Massimo Gesua' sive Salvadori
Caroline Brown
Maria Chatti-Gautier

By order of the Board

Irakli Gilauri
Chairman & Chief Executive Officer

19 August 2020

Georgia Capital PLC Unaudited Interim Condensed Consolidated Financial Statements

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INDEPENDENT REVIEW REPORT TO GEORGIA CAPITAL PLC (the "Company")

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2020, which comprises the Interim Consolidated Statement of Financial Position, the Interim Consolidated Statements of Profit or Loss and Comprehensive Income, the Interim Consolidated Statement of Changes in Equity, the Interim Consolidated Statement of Cash Flows and related notes 1 to 10. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 (UK) 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 condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
19 August 2020

Notes:

1. The maintenance and integrity of the Georgia Capital PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	As at *30 June 2020 (unaudited)*	As at *31 December 2019*
Assets			
Cash and cash equivalents		1,041	1,243
Prepayments		7,204	234
Equity investments at fair value	5	1,198,987	1,758,197
Total assets		**1,207,232**	**1,759,674**
Liabilities			
Other liabilities		9,729	7,653
Total liabilities		**9,729**	**7,653**
Equity	6		
Share capital		1,320	1,320
Additional paid-in capital		108,863	108,863
Retained earnings		1,087,320	1,641,838
Total equity		**1,197,503**	**1,752,021**
Total liabilities and equity		**1,207,232**	**1,759,674**

The financial statements on page 40 to 63 were approved by the Board of Directors on 19 August and signed on its behalf by:

Irakli Gilauri Chief Executive Officer

19 August 2020

Georgia Capital PLC
Registered No. 10852406

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	For the six months ended *30 June 2020 (unaudited)*
Losses on investments at fair value	5	(550,592)
Gross investment loss		**(550,592)**
Administrative expenses		(2,607)
Salaries and other employee benefits		(1,083)
Loss before foreign exchange		**(554,282)**
Net foreign currency loss		(196)
Loss before income taxes		**(554,478)**
Income tax		-
Loss for the period		**(554,478)**
Other comprehensive income		-
Total comprehensive loss for the period		**(554,478)**
Loss per share:	6	
– basic and diluted		(13.8034)

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2019 (unaudited, restated)*
Revenue		672,372
Cost of sales		(415,287)
Gross profit		**257,085**
Salaries and other employee benefits		(81,446)
Administrative expenses		(53,659)
Other operating expenses		(4,397)
Expected credit loss on financial assets		(7,525)
Impairment charge on insurance premium receivables, other assets and provisions		(526)
		(147,553)
EBITDA		**109,532**
Share in profit of associates		317
Dividend income		24,951
Depreciation and amortisation		(51,103)
Net foreign currency loss		(53,621)
Net realised gains from investment securities measured at FVOCI		1,011
Interest income		14,908
Interest expense		(65,571)
Net operating loss before non-recurring items		**(19,576)**
Net non-recurring items		(3,383)
Loss before income tax expense		**(22,959)**
Income tax expense		(2,212)
Loss for the period		**(25,171)**
Total loss attributable to:		
– shareholders of Georgia Capital PLC		(36,977)
– non-controlling interests		11,806
		(25,171)
Loss per share:	6	
– basic and diluted		(1.0457)

** Certain amounts do not correspond to the 2019 interim consolidated financial statement as they reflect the adjustments made for change in accounting policy described in Note 3*

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2019 (unaudited, restated)*
Loss for the period		**(25,171)**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Income from currency translation differences		9,388
Changes in the fair value of debt instruments at FVOCI		939
Realised gain on financial assets measured at FVOCI reclassified to the consolidated income statement		1,011
Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI		352
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**11,690**
Revaluation of property and equipment		3,492
Changes in fair value of equity instruments designated at FVOCI		75,804
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**79,296**
Other comprehensive income for the period, net of tax		**90,986**
Total comprehensive income for the period		**65,815**
Total comprehensive income attributable to:		
– shareholders of Georgia Capital PLC		51,620
– non-controlling interests		14,195
		65,815

** Certain amounts do not correspond to the 2019 interim consolidated financial statement as they reflect the adjustments made for change in accounting policy described in Note 3.*

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

(Thousands of Georgian Lari)

	Attributable to shareholders of Georgia Capital PLC							
	Share capital	*Additional paid-in capital*	*Treasury Shares*	*Other reserves*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total Equity*
31 December 2018	**1,293**	**-**	**(118)**	**415,473**	**785,167**	**1,201,815**	**329,005**	**1,530,820**
Effect of change in accounting policy (borrowing costs)	-	-	-	(309)	(2,362)	(2,671)	-	(2,671)
Effect of change in accounting policy (infrastructure assets)	-	-	-	-	(98,456)	(98,456)	-	(98,456)
1 January 2019 (restated)*	**1,293**	**-**	**(118)**	**415,164**	**684,349**	**1,100,688**	**329,005**	**1,429,693**
(Loss) / Profit for the six months ended 30 June 2019 (unaudited, restated)*	-	-	-	-	(36,977)	(36,977)	11,806	(25,171)
Other comprehensive income for the six months ended 30 June 2019 (unaudited)	-	-	-	88,597	-	88,597	2,389	90,986
Total comprehensive income for the six months ended 30 June 2019 (unaudited)	**-**	**-**	**-**	**88,597**	**(36,977)**	**51,620**	**14,195**	**65,815**
Increase in equity arising from share-based payments	-	-	-	13,141	-	13,141	3,455	16,596
Dilution of interests in subsidiaries	-	-	-	5,008	-	5,008	(3,973)	1,035
Increase in share capital of subsidiaries	-	-	-	-	-	-	1,237	1,237
Acquisition of non-controlling interests in existing subsidiaries	-	-	-	(6,106)	-	(6,106)	(12,776)	(18,882)
Non-controlling interests arising on acquisition of subsidiary	-	-	-	-	-	-	3,046	3,046
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	(7,493)	(7,493)
Cancelation of own shares (Note 6)	(64)	-	64	-	-	-	-	-
Purchase of treasury shares	-	2,008	(48)	(83,604)	-	(81,644)	-	(81,644)
30 June 2019 (unaudited, restated)*	**1,229**	**2,008**	**(102)**	**432,200**	**647,372**	**1,082,707**	**326,696**	**1,409,403**

** Certain amounts do not correspond to the 2019 interim consolidated financial statements as they reflect the adjustments made for change in accounting policy described in Note 3.*

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital*	*Retained earnings*	*Total*
31 December 2019	**1,320**	**108,863**	**1,641,838**	**1,752,021**
Loss for the period	-	-	(554,478)	(554,478)
Total comprehensive loss for the period	**-**	**-**	**(554,478)**	**(554,478)**
Increase in equity arising from share-based payments	-	-	276	276
Purchase of treasury shares	-	-	(316)	(316)
30 June 2020 (unaudited)	**1,320**	**108,863**	**1,087,320**	**1,197,503**

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Cash flows from operating activities			
Revenue received		-	629,688
Cost of goods sold paid		-	(403,547)
Interest income received		-	13,915
Salaries and other employee benefits paid		(1,159)	(73,248)
General, administrative and operating expenses paid		(2,489)	(63,246)
Net other income received		-	5,738
Net change in operating assets and liabilities		-	1,368
Net cash flows (used in) / from operating activities before income tax		**(3,648)**	**110,668**
Income tax paid		-	(1,246)
Net Cash flow (used in) / from operating activities		**(3,648)**	**109,422**
Cash flows used in investing activities			
Capital redemption from subsidiary	5	7,453	-
Net placement of amounts due from credit institutions		-	(17,161)
Loans repaid		-	(2,388)
Acquisition of subsidiaries, net of cash acquired		-	(3,786)
Repayment of remaining holdback amounts from previous year acquisitions		-	(5,224)
Purchase of debt securities		-	(73,570)
Proceeds from sale and redemption of debt securities		-	34,967
Purchase and construction of investment properties		-	(1,093)
Proceeds from sale of property and equipment and intangible assets		-	724
Purchase of property and equipment		-	(136,982)
Purchase of intangible assets		-	(15,347)
Dividends received		-	24,951
Cash flows from / (used in) investing activities		**7,453**	**(194,909)**

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2020

(Thousands of Georgian Lari)

	Notes	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Cash flows from financing activities			
Proceeds from borrowings		-	277,246
Repayment of borrowings		-	(140,453)
Proceeds from debt securities issued		-	57,625
Redemption and buyback of debt securities issued		-	(10,319)
Other purchases of treasury shares		-	(57,870)
Dividends paid		-	(4,950)
Interest paid		-	(73,091)
Contributions under share-based payment plan		(316)	(9,762)
Increase in share capital of subsidiaries		-	1,237
Purchase of additional interest in existing subsidiaries		-	(1,726)
Transaction costs incurred in relation to share issuance		(3,685)	-
Cash payments for principal portion of lease liability		-	(9,578)
Cash payments for interest portion of the lease liability		-	(3,012)
Net cash (used in) / from financing activities		**(4,001)**	**25,347**
Effect of exchange rates changes on cash and cash equivalents		(6)	5,769
Effect of change in expected credit losses for cash and cash equivalents		-	(1)
Net decrease in cash and cash equivalents		**(202)**	**(54,372)**
Cash and cash equivalents, beginning of the period		**1,243**	**256,930**
Cash and cash equivalents, end of the period		**1,041**	**202,558**

The accompanying notes on pages 48 to 63 are an integral part of these interim condensed consolidated financial statements.

(Thousands of Georgian Lari)

1. Principal Activities

Georgia Capital PLC ("GCAP PLC") is a public limited liability company incorporated in England and Wales with registered number 10852406. Georgia Capital PLC holds 100% of the share capital of the JSC Georgia Capital, which makes up a group of companies (the "Group"), focused on investing in and developing businesses in Georgia. The Group principally invests in entities that operate in utility and renewable energy, property and casualty insurance, housing development, hospitality and commercial - property construction and development, wine and beer production, education, digital, auto service businesses and healthcare, pharmaceutical and medical insurance businesses. On 19 May 2020 Georgia Capital PLC offered to acquire all remaining outstanding shares in Georgia Healthcare Group PLC. On 8 July 2020 GCAP PLC applied to delist Georgia Healthcare Group from the London Stock Exchange premium listing. Delisting was finalised on 5 August 2020. In addition to its subsidiaries, the Group has significant investments in London Stock Exchange premium-listed Bank of Georgia Group PLC. The shares of GCAP PLC are admitted to the premium listing segment of the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange PLC's Main Market for listed securities under the ticker CGEO, effective 29 May 2018.

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

As at 30 June 2020 and 31 December 2019, the following shareholders owned more than 5% of the total outstanding shares* of GCAP PLC. Other shareholders individually owned less than 5% of the outstanding shares.

	As at	
Shareholder	***30 June 2020 (unaudited)***	***31 December 2019***
M&G Investment Management Ltd	7%	8%
Schroder Investment Management	5%	5%
Others	88%	87%
Total	**100%**	**100%**

****For the purposes of calculating percentage of shareholding, the denominator includes total number of issued shares which includes shares held in the trust for share-based compensation purposes of the Group and treasury shares bought as part of buyback programme announced on 14 June 2018.***

2. Basis of Preparation

General

The Group's condensed consolidated half year financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, Interim Financial Reporting, as adopted by the European Union. They should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRS Interpretations Committee interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information in these condensed consolidated half year financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information presented for the year ended 31 December 2019 is derived from the statutory accounts for that year. Statutory accounts for the year ended 31 December 2019 were approved by the Board on 7 April 2020 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated half year financial statements have been reviewed, not audited.

2. Bases of Preparation (continued)

General (continued)

The interim consolidated statement of other comprehensive income for the six months ended 30 June 2020 is zero, therefore one combined interim consolidated statement of profit or loss and other comprehensive income for the period is disclosed. Refer to page 41.

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

Investment entity status

On 31 December 2019 GCAP PLC 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.

According to IFRS 10, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

Georgia Capital PLC holds a single investment in JSC Georgia Capital (an investment entity on its own), which holds a portfolio of investments, both meet the definition of investment entity and Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit or loss.

Given the above, these financial statements consolidate the Group's subsidiaries up to 31 December 2019. As of that date, the subsidiaries have been de-consolidated, and recognised as investments in subsidiaries at their fair value as at 31 December 2019.

Further details on financial impact of change in investment entity status and underlying significant judgments are provided in notes 3, 5 and 7, respectively.

Going concern

The Board of Directors of Georgia Capital has made an assessment of the Group'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 interim condensed consolidated financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern for the foreseeable future. Therefore, the interim condensed consolidated financial statements continue to be prepared on a going concern basis.

2. Bases of Preparation (continued)

Going concern (continued)

The Directors have made an assessment of going concern and reviewed Georgia Capital liquidity outlook for the period ending 31 December 2021, taking into account the impact of the COVID-19 pandemic and considered any potential concerns with respect to the liquidity and recoverability of the Group's assets as set out in the financial statements. As a response to the COVID-19 uncertainties, Georgia Capital is focused on limiting capital allocations, optimizing operating expenses and cash accumulation and preservation.

The main source of cash inflow for GCAP PLC is capital redemption from JSC GCAP, which itself has enough assets to support the liquidity needs of the parent company as well. As at 30 June 2020, JSC GCAP owns cash in the amount of GEL 84,626 and marketable securities in the amount of GEL 35,207 (refer to note 7), which are considered to be highly liquid, as all of them represents listed debt instruments on international and local markets. Liquidity needs of the holding companies (which includes JSC GCAP as well) for the next 12 months mainly comprises of coupon payments on JSC GCAP Eurobonds and operating costs of running holding companies. Liquidity outlook also assumes dividend income and loan repayments from the defensive businesses of the group (renewable business and P&C insurance). Management have performed a further assessment which demonstrates that, even in a stressed scenario which assumes no dividend inflows, postponement of the loan repayments from the portfolio businesses that have been most significantly negatively affected by the COVID-19 whilst retaining forecast capital allocations, the existing liquid assets will be sufficient to cover the expected cash outflows of the holding companies for a period of at least 12 months from the date of approval of these interim condensed consolidated financial statements. Further, Georgia Capital does not have any formal capital or debt commitments (with exception to a financial guarantee issued to the beverages business (Note 9)) or a primary mandate to deploy funds or divest assets within a specific time frame

Georgia has, so far, managed to effectively deal with the COVID-19 pandemic. The Georgian Government has taken significant actions at the early stage of COVID-19 outbreak. A large part of Georgia Capital's portfolio is concentrated across defensive countercyclical sectors: the water utility and healthcare and pharmacy distribution businesses. Georgia Capital has enough liquidity position as at 30 June 2020. On 30 July 2020, GGU (the holding company of water utility and renewable energy businesses) issued USD 250 million 7.75% 5-year green notes, improving the financial flexibility of GGU, allowing this business to repay its loans to Georgia Capital and significantly enhancing liquidity profile of the group.

The management is also satisfied that Georgia Capital's liquidity forecast is comprehensive considering the novel coronavirus risk. Further, Georgia Capital does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. Due to COVID-19 related uncertainties, which may affect portfolio businesses ability to distribute cash to Georgia Capital (either in the form of dividend distribution or repayment of loans from JSC GCAP), management of Georgia Capital is focused on minimizing capital allocations, applying operating expense optimization plans and preserving cash across, all of which are incorporated into the forecasts, which represents the basis for going concern conclusion.

3. Summary of significant accounting policies

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 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

After meeting the definition of investment entity as defined in IFRS 10 Consolidated Financial Statements on 31 December 2019 the subsidiaries have been de-consolidated, and recognised as investments in subsidiaries at their fair value as at 31 December 2019. Given the above, operating results of the Group's subsidiaries are no longer consolidated in the statement of comprehensive income in these interim condensed consolidated financial statements, instead Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit or loss.

(Thousands of Georgian Lari)

3. Summary of significant accounting policies (continued)

Adoption of new or revised standards and interpretations

Infrastructure assets

In the second half of 2019, the Group changed its accounting policy with respect to infrastructure assets category of property, plant and equipment. The Group now applies the cost model, where infrastructure assets are carried at cost less accumulated depreciation and any accumulated impairment. Prior to this change in policy, the Group applied the revaluation model, where infrastructure assets were carried at the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group believes that cost model provides more reliable and more meaningful presentation for investors since (1) it enhances comparability for the investors as the application of cost model is a market practice across utility industry (2) it more closely aligns the accounting with the business activities around these asset categories.

Retrospective application effect: infrastructure assets

Changes in accounting policy has been applied retrospectively by restating each of the affected consolidated financial statement line items for the prior periods, as follows:

Interim consolidated income statement for the six months 30 June 2019	***As previously reported***	***Change in accounting policy***	***As restated***
Other operating expenses	(4,819)	422	(4,397)
EBITDA	**109,110**	**422**	**109,532**
Depreciation and amortisation	(54,712)	3,609	(51,103)
Net loss	**(29,202)**	**4,031**	**(25,171)**
Loss per share, basic and diluted	(1.1597)	0.114	(1.0457)

The following amendments had no impact on the Group's condensed interim consolidated financial statements:

Amendments to IFRS 3: Definition of a Business

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

Amendments to IAS 1 and IAS 8: Definition of Material

4. Segment Information

GCAP PLC is an investment entity and is seeking to realize revenue and gains through monetisation of its underlying investments held by JSC Georgia Capital. Discreet financial information is available for those underlying investments and their operating results (such as their investment returns) are regularly reviewed by the Georgia Capital's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Therefore, for the purpose of segment reporting, the portfolio of investments held by JSC Georgia Capital is organised into the following operating segments based on the industries as follows:

Healthcare	- Georgia Healthcare Group - principally providing wide-scale healthcare, health insurance and pharmaceutical services to clients and insured individuals;
Banking	- Comprises of Bank of Georgia Group PLC
Housing Development	- Principally developing, constructing and selling residential apartments and providing land development services to third parties;
Hospitality and Commercial	- Developing and leasing rent-earning commercial assets and developing hotels across Georgia;
Water Utility	- Principally supplying water and providing a wastewater service;
Renewable Energy	- Principally developing renewable energy power plants and supplying electricity;
P&C Insurance	- Principally providing wide-scale property and casualty insurance services to corporate and individual clients;
Beverage	- Principally producing and distributing wine, beer and soft beverages;
Education	- Principally providing education for learners from Preschool to 12^{th} grade (K-12);
Auto Services	- Principally providing auto and technical inspection services to corporate and individual clients;
Digital	- Principally providing tech-based marketing solutions to large Georgian corporate and government agencies;
Other	- Comprises of early stage business and feasibility costs incurred in pipeline projects;
Corporate Centre	- Comprising of Georgia Capital PLC and JSC Georgia Capital

Management changed the presentation format of its segments so that the presentation is in line with the way management monitors the operating results of its segments for the purposes of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured in the same manner as profit or loss in the interim condensed consolidated financial statements.

Transactions between segments are accounted for at actual transaction prices.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 6 months period ended 30 June 2020 and 2019.

(Thousands of Georgian Lari)

4. Segment Information (continued)

The following tables present income statement information regarding the Group's operating segments as at and for the 6 months ended 30 June 2020:

	Listed Investments		*Private Investments*													
			Late Stage				*Early Stage*			*Pipeline*						
	Healthcare	*Banking*	*Water Utility*	*Housing development*	*P&C insurance*	*Renewable energy*	*Hospitality and Commercial*	*Beverage*	*Education*	*Auto Services*	*Digital*	*Other*	*Corporate Center*	*Total*	*Intragroup Investment Reversal**	*Investment Entity Total*
Losses/(gains) on investments at fair value	**(94,412)**	**(203,333)**	**(46,064)**	**(21,958)**	**(19,552)**	**32,720**	**(110,827)**	**(32,091)**	**24,347**	**(14,908)**	**-**	**(1,585)**	**-**	**(487,663)**	***(62,929)***	***(550,592)***
Listed Equity Investments	*(94,412)*	*(203,333)*	-	-	-	-	-	-	-	-	-	-	-	***(297,745)***	*297,745*	**-**
Private Investments	-	-	*(46,064)*	*(21,958)*	*(19,552)*	*32,720*	*(110,827)*	*(32,091)*	*24,347*	*(14,908)*	-	*(1,585)*	-	***(189,918)***	*(360,674)*	***(550,592)***
Dividend income	-	-	-	-	-	4,927	-	-	-	-	-	-	-	**4,927**	(4,927)	**-**
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	11,816	**11,816**	(11,816)	**-**
Net losses from investment securities measured at FVPL	-	-	-	-	-	-	-	-	-	-	-	-	(2,434)	**(2,434)**	2,434	**-**
Net realised losses from investment securities measured at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-	(2,144)	**(2,144)**	2,144	**-**
Gross investment loss	**(94,412)**	**(203,333)**	**(46,064)**	**(21,958)**	**(19,552)**	**37,647**	**(110,827)**	**(32,091)**	**24,347**	**(14,908)**	**-**	**(1,585)**	**7,238**	**(475,498)**	**(75,094)**	**(550,592)**
Administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	(4,909)	**(4,909)**	2,302	***(2,607)***
Salaries and other employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	(9,670)	**(9,670)**	8,587	***(1,083)***
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(30,180)	**(30,180)**	30,180	**-**
(Loss)/profit before provisions, foreign exchange and non-recurring items	**(94,412)**	**(203,333)**	**(46,064)**	**(21,958)**	**(19,552)**	**37,647**	**(110,827)**	**(32,091)**	**24,347**	**(14,908)**	**-**	**(1,585)**	**(37,521)**	**(520,257)**	**(34,025)**	**(554,282)**
Provision	-	-	-	-	-	-	-	-	-	-	-	-	140	**140**	(140)	**-**
Net foreign currency loss	-	-	-	-	-	-	-	-	-	-	-	-	(41,501)	**(41,501)**	41,305	***(196)***
Non-recurring expense	-	-	-	-	-	-	-	-	-	-	-	-	(3,222)	**(3,222)**	3,222	**-**
(Loss)/gain before income taxes	**(94,412)**	**(203,333)**	**(46,064)**	**(21,958)**	**(19,552)**	**37,647**	**(110,827)**	**(32,091)**	**24,347**	**(14,908)**	**-**	**(1,585)**	**(82,104)**	**(564,840)**	**10,362**	**(554,478)**
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	**-**
(Loss)/gain for the period	**(94,412)**	**(203,333)**	**(46,064)**	**(21,958)**	**(19,552)**	**37,647**	**(110,827)**	**(32,091)**	**24,347**	**(14,908)**	**-**	**(1,585)**	**(82,104)**	**(564,840)**	**10,362**	**(554,478)**
FV changes through equity	-	-	-	-	-	-	-	-	-	-	-	-		**-**	8,533	***8,533***

** Intragroup investment reversal represents elimination of JSC GCAP net assets and profit or loss items, which is itself treated as part of holding company per segment information disclosure.*

5. Equity Investments at Fair Value

	As at	
	30 June 2020 (unaudited)	***31 December 2019***
Subsidiaries (Note 7)	1,198,987	1,758,197
Equity Investments at Fair Value	**1,198,987**	**1,758,197**

Georgia Capital PLC holds a single investment in JSC Georgia Capital (an investment entity on its own), which holds a portfolio of investments, both meet the definition of investment entity and Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit or loss. Changes in JSC Georgia Capital's net asset value as of 30 June 2020 is determined as follows:

	31 December 2019	*Transfer between stages*	*Value Change*	*Investments*	*Dividends*	*Operating expenses*	*Other**	*Buybacks*	*Other changes in equity*	*Total gains / (Losses) on investments at fair value*	*Capital redemption ***	*30 June 2020 (unaudited)*
Listed portfolio companies	**1,027,814**	**-**	**(297,745)**	**-**	**-**	**-**	**-**	**-**	**-**	**(297,745)**	**-**	**730,069**
Healthcare	*430,079*	-	*(94,412)*	-	-	-	-	-	-	*(94,412)*	-	*335,667*
Banking	*597,735*	-	*(203,333)*	-	-	-	-	-	-	*(203,333)*	-	*394,402*
Private portfolio companies	**1,223,651**	**-**	**(183,373)**	**55,989**	**(4,927)**	**-**	**-**	**-**	**5,049**	**(127,262)**	**-**	**1,096,389**
Late stage	**692,746**	**-**	**(87,574)**	**-**	**-**	**-**	**-**	**-**	**1,739**	**(85,835)**	**-**	**606,911**
Water utility	*483,970*	-	*(46,064)*	-	-	-	-	-	*1,083*	*(44,981)*	-	*438,989*
Housing development	*43,853*	-	*(21,958)*	-	-	-	-	-	*656*	*(21,302)*	-	*22,551*
P&C insurance	*164,923*	-	*(19,552)*	-	-	-	-	-	-	*(19,552)*	-	*145,371*
Early stage	**439,478**	**56,316**	**(80,891)**	**50,553**	**(4,927)**	**-**	**-**	**-**	**3,310**	**24,361**	**-**	**463,839**
Renewable Energy	*106,800*	-	*37,647*	*44,350*	*(4,927)*	-	-	-	*847*	*77,917*	-	*184,717*
Hospitality and Commercial RE	*245,558*	-	*(110,827)*	*1,136*	-	-	-	-	*2,463*	*(107,228)*	-	*138,330*
Beverages	*87,120*	-	*(32,091)*	*5,034*	-	-	-	-	-	*(27,057)*	-	*60,063*
Education	-	*56,316*	*24,380*	*33*	-	-	-	-	-	*80,729*	-	*80,729*
Pipeline	**91,427**	**(56,316)**	**(14,908)**	**5,436**	**-**	**-**	**-**	**-**	**-**	**(65,788)**	**-**	**25,639**
Education	*56,316*	*(56,316)*	-	-	-	-	-	-	-	*(56,316)*	-	-
Auto service	*25,757*	-	*(14,908)*	*4,200*	-	-	-	-	-	*(10,708)*	-	*15,049*
Digital services	*8,790*	-	-	-	-	-	-	-	-	-	-	*8,790*
Other	*564*	-	-	*1,236*	-	-	-	-	-	*1,236*	-	*1,800*
Equity investments at fair value	**2,251,465**	**-**	**(481,118)**	**55,989**	**(4,927)**	**-**	**-**	**-**	**5,049**	**(425,007)**	**-**	**1,826,458**
Net debt	**(493,268)**	**-**	**-**	**(55,989)**	**4,927**	**(10,618)**	**(66,658)**	**(4,848)**	**7,601**	**(125,585)**	**(8,618)**	**(627,471)**
Net asset value	**1,758,197**	**-**	**(481,118)**	**-**	**-**	**(10,618)**	**(66,658)**	**(4,848)**	**12,650**	**(550,592)**	**(8,618)**	**1,198,987**

**The amount represents other movements in the income statement which is mainly attributable to FX loss (GEL 41,305) and net interest expense (GEL 18,394).*

***During six months ended 30 June 2020 GCAP PLC received GEL 8,618 in the form of capital redemption from JSC GCAP, of which 7,453 was paid in cash.*

6. Equity

Share capital

As at 30 June 2020 and 31 December 2019 issued share capital comprised 40,169,775 authorised common shares, of which 40,169,775 were fully paid. Each share has a nominal value of one British penny. Shares issued and outstanding as at 30 June 2020 are described below:

	Number of shares Ordinary	*Amount*
31 December 2018	**39,384,712**	**1,293**
Cancellation of shares	(2,000,000)	(64)
30 June 2019 (unaudited)	**37,384,712**	**1,229**

	Number of shares Ordinary	*Amount*
31 December 2019	**40,169,775**	**1,320**
30 June 2020 (unaudited)	**40,169,775**	**1,320**

Earnings per share

	30 June 2020 (unaudited)	*30 June 2019 (unaudited, restated)**
Basic and diluted loss per share		
Loss for the period	(554,478)	(36,977)
Weighted average number of ordinary shares outstanding during the year	40,169,775	35,362,204
Loss per share	(13.8034)	(1.0457)

** The amounts do not correspond to the 2019 interim consolidated financial statement as they reflect the adjustments made for change in accounting policy described in Note 3.*

7. 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 2020 (unaudited)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Equity investments at fair value	-	-	1,198,987	1,198,987
Assets for which fair values are disclosed				
Cash and cash equivalents	-	1,041	-	1,041

31 December 2019	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Equity investments at fair value	-	-	1,758,197	1,758,197
Assets for which fair values are disclosed				
Cash and cash equivalents	-	1,243	-	1,243

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 2019	*Fair Value loss*	*Capital redemption*	*At 30 June 2020 (unaudited)*
Level 3 financial assets				
Equity investments at fair value	1,758,197	(550,592)	(8,618)	1,198,987

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.

Investment in subsidiaries

Equity investments at fair value include investment in subsidiary at fair value through profit or loss representing 100% interest of JSC Georgia Capital. Georgia Capital PLC holds a single investment in JSC Georgia Capital (an investment entity on its own), which holds a portfolio of investments, both meet the definition of investment entity and Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit or loss. Investments in investment entity subsidiaries and loans issued are accounted for as financial instruments at fair value through profit and loss in accordance with IFRS 9. Debt securities owned are measured at fair value. We determine that, in the ordinary course of business, the net asset value of investment entity subsidiaries is considered to be the most appropriate to determine fair value. JSC Georgia Capital's net asset value as of 31 December 2019 is determined as follows:

7. Fair Value Measurement (continued)

Valuation techniques (continued)

	As at	
	30 June 2020 (unaudited)	*31 December 2019*
Assets		
Cash and cash equivalents	84,626	117,215
Marketable securities	35,207	62,493
Equity investments at fair value	1,826,458	2,251,465
Of which listed investments	***730,069***	***1,027,814***
GHG	*335,667*	*430,079*
BOG	*394,402*	*597,735*
Of which private investments:	***1,096,389***	***1,223,651***
Late stage	***606,911***	***692,746***
Water utility	*438,989*	*483,970*
Housing Development	*22,551*	*43,853*
P&C insurance	*145,371*	*164,923*
Early Stage	***463,839***	***439,478***
Renewable energy	*184,717*	*106,800*
Hospitality & Commercial RE	*138,330*	*245,558*
Beverages	*60,063*	*87,120*
Education	*80,729*	-
Pipeline	***25,639***	***91,427***
Education	-	*56,316*
Auto service	*15,049*	*25,757*
Digital services	*8,790*	*8,790*
Other	*1,800*	*564*
Loans issued	133,342	151,884
Other assets	8,779	8,782
Total assets	**2,088,412**	**2,591,839**
Liabilities		
Debt securities issued	886,767	825,952
Other liabilities	2,658	7,690
Total liabilities	**889,425**	**833,642**
Net Asset Value	**1,198,987**	**1,758,197**

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

Equity Investments in Listed 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.

Equity Investments in Private Portfolio Companies

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.

7. Fair Value Measurement (continued)

Valuation techniques (continued)

Equity Investments in Private Portfolio Companies (continued)

The value of an unquoted equity investment is generally crystallised through the sale or flotation of the entire business, rather than the sale of an individual instrument. 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.

Fair value of equity investment in private portfolio companies is usually determined using one of the valuation methods described below:

Listed Peer Group Multiples

The preferred method for valuing equity investments in private portfolio companies is comparison with the multiples of comparable listed companies. 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 which are profitable and for which we 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 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 and risk profiles. Certain peer-group companies can be more heavily weighted if their characteristics are closer to those of the company being valued than are those of the other companies in peer group.

Generally, last 12-month earnings will be used for the purposes of valuation. Earnings can be adjusted for extraordinary 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 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 if the debt is without recourse to Georgia Capital.
- The resulting fair value of equity is apportioned between Georgia Capital and other shareholders of the Company being valued, if applicable.

7. Fair Value Measurement (continued)

Valuation techniques (continued)

Equity Investments in Private Portfolio Companies (continued)

Listed Peer Group Multiples (continued)

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

b. Equity fair value valuation

Fair value of equity investment in companies can determined as using price to earnings (P/E) multiple of similar listed companies.

The measure of earnings used in the calculation is recurring adjusted net income (net income adjusted for non-recurring items and forex gains/ losses) for the last 12 months (LTM net income). The resulting fair value of equity is apportioned between Georgia Capital and other shareholders of the company being valued. 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 date, 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. DCF is mostly used to estimate fair value of project-based cash-flow driven businesses.

Net Asset Value

The net assets methodology (NAV) involves estimating fair value of equity investment in private portfolio company as its book value at reporting date. This method is appropriate for businesses whose value derives mainly from the underlying value of its assets and the assets are already carried at their fair value (usually fair valuation of assets is performed by professional third-party valuers) on the balance sheet.

Price of recent investment

The price of a recent investment, if 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 must be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the investee company. The valuer should assess at each measurement date whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value.

Validation

Fair value of investment estimated using one of the valuation methods described above is triangulated 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 respective metrics of the investment being valued. We develop fair value range based on these techniques and analyse whether fair value estimated above falls within this range.
- Discounted cash flow (DCF) – Discounted cash flow valuation method is used to determine fair value of equity investment. Under discounted cash flow analysis unobservable inputs are used, such as estimates of probable future cash flows and internally-developed discounting rate of return. Based on DCF, we 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.

7. Fair Value Measurement (continued)

Valuation process for Level 3 valuations

Georgia Capital PLC'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.

Fair values of investments in private companies is assessed internally in accordance with Georgia Capital PLC's valuation methodology by Valuation Workgroup.

Description of significant unobservable inputs to level 3 valuations

The approach to valuations as of 30 June 2020 was consistent with the Group's valuation process and policy. Key focus of the valuations at 30 June 2020 was an assessment of the impact of the COVID-19 pandemic on each portfolio company. Management continues to monitor the impact that the COVID-19 pandemic has on the valuation of portfolio companies.

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

30 June 2020 (unaudited)

Description	*Valuation technique*	*Unobservable input*	*Range*	*Fair value*
Loans Issued	DCF	Discount rate	9%-12%	*133,342*
Equity investments at fair value				
Late stage				*606,911*
Water utility	EV/EBITDA	EV/EBITDA multiple of peers	9.2x-10.9x	*438,989*
Housing Development	DCF	Cashflow probability Revenue per sq.meter Cost per sq.meter Terminal growth rate Discount rate	90%-100% 2,390-4,009 1,997-3,688 3%-5% 11.5%-13.5%	*22,551*
P&C insurance	P/E	P/E multiple of peers	6.8x-10.1x	*145,371*
Early stage				*463,839*
Renewable energy	SOTP (Recent transaction price and EV/EBITDA	EV/EBITDA multiple	9.9x-18.3x	*184,717*
Hospitality & Commercial RE	NAV	Multiple	1.0x	*138,330*
Beverages	EV/EBITDA / EV/Sales	EV/EBITDA / EV/Sales multiple of peers	6.4x-13.3x 1.2x-4.3x	*60,063*
Education	EV/EBITDA	EV/EBITDA multiple of peers	6.7x-21.0x	*80,729*
Pipeline				*25,639*
Auto service	EV/EBITDA	EV/EBITDA multiple of peers	5.7x-17.8x	*15,049*
Digital services	*Recent transaction price*	*Recent transaction price*	*n/a*	*8,790*
Other	*Recent transaction price*	*Recent transaction price*	*n/a*	*1,800*

7. Fair Value Measurement (continued)

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

31 December 2019

Description	***Valuation technique***	***Unobservable input***	***Range***	***Fair value***
Loans Issued	DCF	Discount rate	9%-12%	*117,506*
Equity investments at fair value				
Late stage				*692,746*
Water utility	EV/EBITDA	EV/EBITDA multiple of peers	7.9x-11.0x	*483,970*
Housing Development	DCF	Cashflow probability Revenue per sq.meter Cost per sq.meter	70%-100% 1,832 - 4,511 1,333 - 3,563	*43,853*
P&C insurance	P/E	P/E multiple of peers	6.6x-12.3x	*164,923*
Early stage				*439,478*
Renewable energy	Recent transaction price	Recent transaction price	n/a	*106,800*
Hospitality & Commercial RE	NAV	Multiple	1x	*245,558*
Beverages	EV/EBITDA / EV/Sales	EV/EBITDA / EV/Sales multiple of peers	8.6x-13.8x 1.3x-3.9x	*87,120*
Pipeline				*91,427*
Education	*Recent transaction price*	*Recent transaction price*	*n/a*	*56,316*
Auto service	EV/EBITDA	EV/EBITDA multiple of peers	6.6x-15.4x	*25,757*
Digital services	*Recent transaction price*	*Recent transaction price*	*n/a*	*8,790*
Other	*Recent transaction price*	*Recent transaction price*	*n/a*	*564*

The Education and Renewable businesses were valued at recent transaction price as at 31 December 2019. Changes in the valuation methodology relating to the Education business and certain components of the Renewable business have been applied in this reporting period. These changes reflect IPEV valuation guidelines, the passage of time since the transaction and the impact of changes made post investment. Consequently, as of 30 June 2020, the Education business is valued using an EV/EBITDA multiple, whilst the Renewables business is valued on the basis of sum of the parts (recent transaction price and EV/EBITDA multiple).

The fair value of investment property held by Hospitality and Commercial business is estimated by independent third party valuers. COVID-19 has led to disruption across many markets with falls in value across many real estate sectors and a heightened degree of uncertainty in the determination of asset values. Consequently, the independent third party valuation contains the following material uncertainty statement in line with Royal Institution of Chartered Surveyors' (RICS) guidance which indicates that less certainty and a higher degree of caution should be attached to the valuation of investment property than would normally be the case.

If, following a decrease in market rent prices, average daily rates and occupancy rates or increase in market yields, NAV of the hospitality and commercial real estate business as at 30 June 2020 decreased by 10%, the value of equity investments at fair value would decrease by GEL 14 million or 1%. Opposite movements in the real estate valuation inputs resulting in NAV increase by 10% as at 30 June 2020 would result in an increase in the value of equity investments at fair value of GEL 14 million or 1%.

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

In order to determine reasonably possible alternative assumptions the Group adjusted key unobservable model inputs. The Group adjusted the inputs used in valuation by increasing and decreasing them by 10%, which is considered by the Group to be within a range of reasonably possible alternatives based on the earnings multiples used across peers.

7. Fair Value Measurement (continued)

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

If the interest rate for each individual loan issued to subsidiaries as at 30 June 2020 decreased by 20%, the amount of loans issued would have decreased by GEL 1,271 or 0.95%. If the interest rates increased by 20% then loans issued would have increased by GEL 1,277 or 0.96%.

If the peer multiple used to value each unquoted investment valued on an earnings multiple basis as at 30 June 2020 decreased by 10%, value of equity investments at fair value would decrease by GEL 147 million or 13%. If the multiple increased by 10% then the equity investments at fair value would increase by GEL 147 million or 13%.

If WACC used to value each unquoted investment valued using DCF decreased by 10%, the value of equity investments at fair value would increase by GEL 18 million or 2%. If the WACC increased by 10% then the equity investments at fair value would decrease by GEL 13 million or 1%.

If the multiple used to value each unquoted investment valued on NAV and recent transaction price basis (except for Hospitality and Commercial business) as at 30 June 2020 decreased by 10%, value of equity investments at fair value would decrease by GEL 12 million or 1%. If the multiple increased by 10% then the equity investments at fair value would increase by GEL 12 million or 1%.

8. Maturity Analysis

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

	30 June 2020 (unaudited)		
	Less than 1 Year	*More than 1 Year*	*Total*
Cash and cash equivalents	1,041	-	1,041
Equity investments at fair value	-	1,198,987	1,198,987
Prepayments	7,204	-	7,204
Total assets	**8,245**	**1,198,987**	**1,207,232**
Other liabilities	9,729	-	9,729
Total liabilities	**9,729**	**-**	**9,729**
Net	**(1,484)**	**1,198,987**	**1,197,503**

	31 December 2019		
	Less than 1 Year	*More than 1 Year*	*Total*
Cash and cash equivalents	1,243	-	1,243
Equity investments at fair value	-	1,758,197	1,758,197
Prepayments	234	-	234
Total assets	**1,477**	**1,758,197**	**1,759,674**
Other liabilities	7,653	-	7,653
Total liabilities	**7,653**	**-**	**7,653**
Net	**(6,176)**	**1,758,197**	**1,752,021**

9. Related Party Disclosures

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

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties are conducted on an arm's length basis. There were no related party transactions as of 30 June 2020, other than capital redemption from JSC GCAP (note 5) and compensation of key management personnel disclosed below:

Compensation of key management personnel comprised the following:

	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Salaries and other benefits	(605)	(1,830)
Share-based payments compensation	(276)	(6,401)
Total key management compensation	**(881)**	**(8,231)**

Key management personnel do not receive cash settled compensation, except for fixed salaries. The number of key management personnel at 30 June 2020 was 7 (1 executive and 6 members of board of directors) (31 December 2019: 10 (4 executives and 6 members of board of directors, including executives of JSC GCAP)).

10. Events after the Reporting Period

Share exchange offer for Georgia Healthcare Group PLC

On 19 May 2020 the board of directors of Georgia Capital PLC and the Independent Directors of Georgia Healthcare Group PLC ("GHG") announced that they had reached agreement on the terms of a recommended share exchange offer to be made by GCAP PLC for the entire issued or to be issued share capital of GHG not already owned by Georgia Capital (the Offer).
On 8 July 2020, GCAP PLC announced that the Offer had been declared unconditional in all respects.

As at 16 July 2020, valid acceptances had been received from GHG Shareholders in respect of a total of 35,270,364 shares, representing c. 26.8% of the issued share capital of GHG.

Accordingly, the acceptances received, when aggregated with Georgia Capital's existing interest in GHG, resulted in Georgia Capital holding 128,281,778 GHG Shares (representing 97.41% of the issued share capital of GHG). Since Georgia Capital acquired more than 90 per cent of the GHG shares to which the Offer related, Georgia Capital implemented the compulsory acquisition procedure to acquire the remaining GHG shares. On 5 August 2020, the Financial Conduct Authority has cancelled the listing of GHG Shares and the London Stock Exchange has cancelled the trading of GHG Shares.

Sale of HTMC Hospital by Healthcare business of Georgia Capital

On 19 August 2020, GHG signed a Sales and Purchase Agreement to sell 40% equity interest in High Technology Medical Centre University Clinic ("HTMC" or the "Hospital"), in which it owned 50% as at 30 June 2020, to Tbilisi State Medical University (the "Sale"). Total cash consideration for the Sale, which is subject to regulatory approvals, is USD 12 million (GEL 36.8 million).

COMPANY INFORMATION

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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.
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Share price information
Shareholders can access both the latest and historical prices via the website
www.georgiacapital.ge