JSC Georgia Capital Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

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Report on Review of Interim Financial Information

To the Shareholder and the Supervisory Board of JSC Georgia Capital

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC Georgia Capital and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 June 2021, the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management of JSC Georgia Capital is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Alexey Loza
Partner

On behalf of EY LLC

9 August 2021

Tbilisi, Georgia

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(Thousands of Georgian Lari)

	Notes	As at 30 June 2021 (unaudited)	As at 31 December 2020
Assets			
Cash and cash equivalents	5	103,897	117,026
Amounts due from credit institutions	6	85,593	42,655
Marketable securities	7	79,027	13,416
Accounts receivable		100	117
Prepayments		2,129	588
Loans issued	8	158,191	108,983
Property and equipment		497	449
Intangible assets		88	99
Other assets		7,138	6,023
Equity investments at fair value	9	3,247,326	2,907,688
Total assets		**3,683,986**	**3,197,044**
Liabilities			
Accounts payable		2,342	531
Debt securities issued	10	1,141,320	980,932
Other liabilities		1,953	2,291
Total liabilities		**1,145,615**	**983,754**
Equity	11		
Share capital		13,366	13,391
Additional paid-in capital		631,671	634,271
Treasury shares		(936)	(940)
Other reserves		810	(744)
Retained earnings		1,893,460	1,567,312
Total equity		**2,538,371**	**2,213,290**
Total liabilities and equity		**3,683,986**	**3,197,044**

Signed and authorised for release on behalf of the Management by:

Irakli Gilauri — Chief Executive Officer

Giorgi Alpaidze — Chief Financial Officer

9 August 2021

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2021 (unaudited)	30 June 2020 (unaudited)
Gains/(losses) on investments at fair value	9	326,019	(486,045)
Listed Equity Investments		*43,836*	*(297,745)*
Private Investments		*282,183*	*(188,300)*
Dividend income	9	14,430	4,927
Other interest income		7,209	7,950
Interest income at effective interest rate method		3,080	2,918
Net losses from investment securities measured at FVPL		(39)	(3,331)
Net realised losses from investment securities measured at FVOCI		-	(496)
Other income		30	229
Gross investment profit/(loss)		**350,729**	**(473,848)**
Administrative expenses		(2,729)	(2,031)
Salaries and other employee benefits		(10,871)	(8,587)
Depreciation and amortisation		(261)	(279)
Interest expense		(37,194)	(29,263)
Profit/(loss) before provisions, foreign exchange and non-recurring items		**299,674**	**(514,008)**
Expected credit losses (expense)/reversal		(570)	140
Net foreign currency gain/(loss)		27,266	(41,304)
Non-recurring expense		(222)	(3,222)
Profit/(loss) before income taxes		**326,148**	**(558,394)**
Income tax		-	-
Profit/(loss) for the period		**326,148**	**(558,394)**

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Profit/(loss) for the period		**326,148**	**(558,394)**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Changes in the fair value of debt instruments at FVOCI		1,040	(1,123)
Realised loss on financial assets measured at FVOCI reclassified to the consolidated income statement		-	496
Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI		514	(105)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**1,554**	**(732)**
Other comprehensive income/(loss) for the period, net of tax		**1,554**	**(732)**
Total comprehensive income/(loss) for the period		**327,702**	**(559,126)**

The accompanying notes on pages 6 to 26 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 2021

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital*	*Treasury Shares*	*Other reserves*	*Retained earnings*	*Total*
31 December 2019	**12,400**	**499,369**	**(961)**	**-**	**1,247,389**	**1,758,197**
Loss for the period	-	-	-	-	(558,394)	(558,394)
Other comprehensive loss for the period	-	-	-	(732)	-	(732)
Total comprehensive loss for the period	**-**	**-**	**-**	**(732)**	**(558,394)**	**(559,126)**
Increase in equity arising from share-based payments	-	10,555	-	-	-	10,555
Capital reduction (Note 11)*	(177)	(8,441)	-	-	-	(8,618)
Sale of treasury shares	-	2,733	93	-	-	2,826
Contributions under share-based payment plan (Note 11)	-	(4,767)	(80)	-	-	(4,847)
30 June 2020 (unaudited)	**12,223**	**499,449**	**(948)**	**(732)**	**688,995**	**1,198,987**

	Share capital	*Additional paid-in capital*	*Treasury Shares*	*Other reserves*	*Retained earnings*	*Total*
31 December 2020	**13,391**	**634,271**	**(940)**	**(744)**	**1,567,312**	**2,213,290**
Profit for the period	-	-	-	-	326,148	326,148
Other comprehensive income for the period	-	-	-	1,554	-	1,554
Total comprehensive income for the period	**-**	**-**	**-**	**1,554**	**326,148**	**327,702**
Increase in equity arising from share-based payment	-	8,841	-	-	-	8,841
Capital reduction (Note 11)*	(25)	(4,475)	-	-	-	(4,500)
Contributions under share-based payment plan (Note 11)	-	(6,966)	4	-	-	(6,962)
30 June 2021 (unaudited)	**13,366**	**631,671**	**(936)**	**810**	**1,893,460**	**2,538,371**

** During six months ended 30 June 2021 the parent company, GCAP PLC, received GEL* 4,500 *(30 June 2020: 8,618) in the form of capital redemption from JSC GCAP, of which GEL* 4,500 *(30 June 2020: GEL 7,453) was paid in cash.*

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

(Thousands of Georgian Lari)

	Notes	*30 June 2021 (unaudited)*	*30 June 2020 (unaudited)*
Cash flows from operating activities			
Salaries and other employee benefits paid		(5,048)	(3,716)
General, administrative and operating expenses paid		(2,324)	(2,947)
Interest income received		3,619	6,348
Net change in operating assets and liabilities		(634)	(481)
Net cash flows used in operating activities before income tax		**(4,387)**	**(796)**
Income tax paid		-	-
Net Cash flow used in operating activities		**(4,387)**	**(796)**
Cash flows from investing activities			
Net placement of amounts due from credit institutions		(47,580)	-
Loans issued		(51,687)	(5,000)
Loans repaid		922	36,598
Investments in subsidiaries	9	(10,588)	(55,989)
Purchase of marketable securities		(69,771)	(7,926)
Proceeds from sale and redemption of marketable securities		-	33,423
Purchase of property and equipment		(131)	-
Dividends received	9	14,430	4,927
Other investing activities		(1,039)	(529)
Net cash flows (used in) / from investing activities		**(165,444)**	**5,504**
Cash flows from financing activities			
Proceeds from debt securities issued	10	212,725	4,483
Redemption and buyback of debt securities issued	10	(13,809)	-
Share capital redemption	11	(4,500)	(7,453)
Interest paid		(30,464)	(24,632)
Contributions under share-based payment plan*		(6,962)	(7,321)
Cash payments for principal portion of lease liability		(221)	(170)
Cash payments for interest portion of the lease liability		(23)	(21)
Net cash from / (used in) financing activities		**156,746**	**(35,114)**
Effect of exchange rates changes on cash and cash equivalents		(53)	(2,183)
Effect of change in expected credit losses for cash and cash equivalents		9	-
Net decrease in cash and cash equivalents		**(13,129)**	**(32,589)**
Cash and cash equivalents, beginning of the period	5	**117,026**	**117,215**
Cash and cash equivalents, end of the period	5	**103,897**	**84,626**

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

1. Principal Activities

JSC Georgia Capital ("Georgia Capital") makes up a group of companies (the "Group"), focused on buying, building and developing businesses in Georgia. The Group currently has six large and investment stage private businesses (i) a healthcare services business; (ii) a water utility business; (iii) a retail (pharmacy) business, (iv) an insurance business (P&C and medical insurance); (v) a renewable energy business and (vi) an education business. Georgia Capital also holds other small private businesses across various sectorsin Georgia, including housing development, hospitality and commercial property construction and development, wine and beer production, digital services, and auto service businesses through privately held subsidiaries, and a 19.9% equity stake in LSE premium-listed Bank of Georgia Group PLC ("BoG"), a leading universal bank in Georgia.

Georgia Capital's registered legal address is Kazbegi street 3-5, Tbilisi Georgia.

JSC Georgia Capital was established on 6 August 2015 as a joint stock company (JSC) under the laws of Georgia. As of 30 June 2021 and 31 December 2020, the Group's ultimate 100% owner was Georgia Capital PLC, a company incorporated in England and listed on the London Stock Exchange.

2. Basis of Preparation

General

These interim condensed consolidated financial statements for the six months ended 30 June 2021 were prepared in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting".

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

Assumptions and significant estimates in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2020, signed and authorized for release on 3 March 2021.

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

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

2. Bases of Preparation (continued)

General (continued)

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, i.e. the period ending 30 September 2022. 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.

The Directors have made an assessment of the appropriateness of the going concern basis of preparation and reviewed Georgia Capital liquidity outlook for the period ending 30 September 2022, 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, during 2020, Georgia Capital focused on limiting capital allocations, optimizing operating expenses and cash accumulation and preservation. In the first half of 2021, portfolio companies delivered strong operating performance, which was reflected in an upward revision in the baseline scenario expectations on dividend and interest inflows from the portfolio companies towards Georgia Capital.

Liquidity needs of Georgia Capital during the Going Concern review period mainly comprises of coupon payments on JSC GCAP Eurobonds and operating costs of running the holding companies. The liquidity outlook also assumes dividend income from the defensive businesses of the Group (healthcare, pharmacy, renewable business, water utility and insurance) and Bank of Georgia Group PLC. The outlook also assumes small capital allocations to Investment stage companies (Renewable Energy and Education). On 16 March 2021 Georgia Capital placed a USD 65 million (GEL 215.8 million) Eurobond tap issue, which was consolidated and forms a single series with the existing USD 300 million 6.125% senior notes due 2024 (note 10). Management performed a further assessment which demonstrates that, even in a stressed scenario which assumes no dividend inflows and postponement of the loan repayments from the portfolio businesses that have been most negatively affected by the COVID-19 whilst retaining forecasted capital allocations, the existing cash and highly liquid debt and equity investment securities will be sufficient to cover the expected cash outflows of Georgia Capital for the Going Concern review period. Further, Georgia Capital does not have any formal capital or debt commitments to its portfolio companies, with exception to an EUR 18 million financial guarantee issued to a portfolio company, where the management has assessed the probability of guarantee exercise as remote and has included it in the overall assessment accordingly (note 14). Finally, Georgia Capital does not have a primary mandate to deploy funds or divest assets within a specific time frame.

A large part of Georgia Capital's portfolio is concentrated across defensive countercyclical sectors: the water utility, healthcare and pharmacy distribution businesses. Georgia Capital has an adequate liquidity position as at 30 June 2021.

Management is also satisfied that Georgia Capital's liquidity forecast is comprehensive considering the coronavirus risk. Georgia Capital's liquidity levels remain robust, aided by a strong dividend income outlook from the private portfolio companies and also from Bank of Georgia Group PLC. As a result, the Board has approved a USD10 million share buyback and cancellation programme, over a twelve-month period from the date of approval of the interim condensed consolidated financial statements. Based on the considerations outlined above, management of Georgia Capital concluded that going concern basis of preparation remains appropriate for these interim condensed consolidated financial statements.

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 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2

(Thousands of Georgian Lari)

4. Segment information

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

Listed portfolio companies segment

BOG - the Group has a significant investment in London Stock Exchange premium listed Bank of Georgia Group PLC.

Private portfolio companies segment

Large portfolio companies segment:

The large portfolio companies segment includes investments in healthcare services, pharmacy and distribution, water utility and insurance businesses.

Healthcare services business owned through Georgia Healthcare Group("GHG"), is the largest healthcare market participant in Georgia. Healthcare services business comprises three sub-segments: Hospitals providing secondary and tertiary level healthcare services; Clinics providing outpatient and basic inpatient services and polyclinics providing outpatient diagnostic and treatment services; Diagnostics operating the largest laboratory in the Caucasus region.
Pharmacy and distribution business owned through GHG consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies.
Water Utility business is a regulated monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services. Water Utility also operates hydro power plants.
Insurance business comprises a property and casualty insurance business owned through Aldagi and medical insurance business owned through GHG. The business provides insurance services -mainly property and casualty and medical insurance to corporate and retail clients.

Investment stage portfolio companies segment:

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

Renewable energy business principally operates three wholly owned commissioned renewable energy assets. In addition, a pipeline of renewable energy projects is in an advanced stage of development
Education business combines majority stakes in four leading private schools in Tbilisi. It provides education for preschool to 12th grade (K-12);

Other portfolio companies segment:

Other portfolio companies segment includes Housing Development, Hospitality and Commercial Real Estate, Beverages, Auto Service and Digital Services businesses.

Corporate Centre comprising of JSC Georgia Capital.

Management monitors the fair values of its segments separately for the purposes of making decisions about resource allocation and performance assessment.

Transactions between segments are accounted for at actual transaction prices.

Starting 31 December 2019 and for the periods following the change in investment entity status, management of Georgia Capital no longer monitors and uses consolidated financial information and solely focuses on fair value information for performance evaluation and decision-making. In line with updated management view the change also applied to the presentation of segment information as at 30 June 2021 and 2020. In 2020, Georgia Capital also revised the presentation of its segment note and represented comparative segment information for the six months ended 30 June 2020 accordingly.

(Thousands of Georgian Lari)

4. Segment information (continued)

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

	31 December 2020	*1.Value Creation*	*2a. Investments*	*2b. Buybacks*	*2c. Dividends*	*3.Operating Expenses*	*4. Liquidity Management/ FX / Other*	*30 June 2021 (unaudited)*
Listed Portfolio Companies	**531,558**	**43,836**	**-**	**-**	**-**	**-**	**-**	**575,394**
BoG	531,558	43,836	-	-	-	-	-	575,394
Private Portfolio Companies	**2,376,130**	**296,613**	**10,588**	**-**	**(14,430)**	**-**	**3,031**	**2,671,932**
Large Portfolio Companies	**1,858,237**	**230,090**	**-**	**-**	**(4,959)**	**-**	**1,408**	**2,084,776**
Healthcare Services	571,656	114,165	-	-	-	-	-	685,821
Retail (Pharmacy)	552,745	27,657	-	-	-	-	-	580,402
Water Utility	471,148	76,097	-	-	-	-	985	548,230
Insurance (P&C and Medical)	262,688	12,171	-	-	(4,959)	-	423	270,323
Of which, P&C Insurance	*197,806*	*13,081*	-	-	*(4,959)*	-	*423*	*206,351*
Of which, Health Insurance	*64,882*	*(910)*	-	-	-	-	-	*63,972*
Investment Stage Portfolio Companies	**302,964**	**40,310**	**10,338**	**-**	**(9,471)**	**-**	**627**	**344,768**
Renewable energy	209,902	17,103	2,948	-	(9,471)	-	627	221,109
Education	93,062	23,207	7,390	-	-	-	-	123,659
Other Portfolio Companies	**214,929**	**26,213**	**250**	**-**	**-**	**-**	**996**	**242,388**
Total Portfolio Value	**2,907,688**	**340,449**	**10,588**	**-**	**(14,430)**	**-**	**3,031**	**3,247,326**
Net Debt	**(694,398)**	**-**	**(10,588)**	**(3,199)**	**14,430**	**(13,861)**	**(1,339)**	**(708,955)**
Net Asset Value	**2,213,290**	**340,449**	**-**	**(3,199)**	**-**	**(13,861)**	**1,692**	**2,538,371**

(Thousands of Georgian Lari)

4. Segment information (continued)

The following table presents the NAV statement of the Group's operating segments at 30 June 2020 and the roll forward from 31 December 2019:

	31 December 2019	*1.Value Creation*	*2a. Investments*	*2b. Buybacks*	*2c. Dividends*	*3.Operating Expenses*	*4. Liquidity Management/ FX / Other*	*30 June 2020 (unaudited)*
Listed Portfolio Companies	**1,027,814**	**(297,745)**	**-**	**-**	**-**	**-**	**-**	**730,069**
GHG	430,079	(94,412)	-	-	-	-	-	335,667
BoG	597,735	(203,333)	-	-	-	-	-	394,402
Private Portfolio Companies	**1,225,269**	**(184,991)**	**55,989**	**-**	**(4,927)**	**-**	**5,049**	**1,096,389**
Large Portfolio Companies	**648,893**	**(65,616)**	**-**	**-**	**-**	**-**	**1,083**	**584,360**
Water Utility	483,970	(46,064)	-	-	-	-	1,083	438,989
P&C Insurance	164,923	(19,552)	-	-	-	-	-	145,371
Investment Stage Portfolio Companies	**163,150**	**61,994**	**44,382**	**-**	**(4,927)**	**-**	**847**	**265,446**
Renewable energy	106,800	37,647	44,350	-	(4,927)	-	847	184,717
Education	56,350	24,347	32	-	-	-	-	80,729
Other Portfolio Companies	**413,226**	**(181,369)**	**11,607**	**-**	**-**	**-**	**3,119**	**246,583**
Total Portfolio Value	**2,253,083**	**(482,736)**	**55,989**	**-**	**(4,927)**	**-**	**5,049**	**1,826,458**
Net Debt	**(493,039)**	**-**	**(56,674)**	**(5,430)**	**4,927**	**(10,897)**	**(66,358)**	**(627,471)**
Net Asset Value	**1,760,044**	**(482,736)**	**(685)**	**(5,430)**	**-**	**(10,897)**	**(61,309)**	**1,198,987**

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

(Thousands of Georgian Lari)

4. Segment information (continued)

Reconciliation to IFRS financial statements:

	30 June 2021 (unaudited)		
	JSC Georgia Capital	***Reclassifications****	***NAV Statement***
Cash and cash equivalents	103,897	(103,897)	-
Amounts due from credit institutions	85,593	(85,593)	-
Marketable securities	79,027	(79,027)	-
Accounts receivable	100	(100)	-
Prepayments	2,129	(2,129)	-
Loans issued	158,191	(158,191)	-
Property and equipment	497	(497)	-
Intangible assets	88	(88)	-
Other assets, net	7,138	(7,138)	-
Equity investments at fair value	3,247,326	-	3,247,326
Total assets	**3,683,986**	**(436,660)**	**3,247,326**
Accounts payable	2,342	(2,342)	-
Debt securities issued	1,141,320	(1,141,320)	-
Other liabilities	1,953	(1,953)	-
Total liabilities	**1,145,615**	**(1,145,615)**	**-**
Net Debt	-	(708,955)	(708,955)
Total equity/NAV	**2,538,371**	**-**	**2,538,371**

	30 June 2020 (unaudited)		
	JSC Georgia Capital	***Reclassifications****	***NAV Statement***
Cash and cash equivalents	84,626	(84,626)	-
Amounts due from credit institutions	-	-	-
Marketable securities	35,207	(35,207)	-
Accounts receivable	39	(39)	-
Prepayments	897	(897)	-
Loans issued	133,342	(133,342)	-
Property and equipment	521	(521)	-
Intangible assets	109	(109)	-
Other assets, net	7,216	(7,216)	-
Equity investments at fair value	1,826,458	-	1,826,458
Total assets	**2,088,415**	**(261,957)**	**1,826,458**
Accounts payable	367	(367)	-
Debt securities issued	886,767	(886,767)	-
Other liabilities	2,294	(2,294)	-
Total liabilities	**889,428**	**(889,428)**	**-**
Net Debt	-	(627,471)	(627,471)
Total equity/NAV	**1,198,987**	**-**	**1,198,987**

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

(Thousands of Georgian Lari)

4. Segment information (continued)

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

		Private Portfolio Companies				
	Listed Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Total***
Gains on investments at fair value	43,836	225,131	30,839	26,213	-	326,019
Listed Equity Investments	*43,836*	-	-	-	-	*43,836*
Private Investments	-	*225,131*	*30,839*	*26,213*		*282,183*
Dividend income	-	4,959	9,471	-	-	14,430
Interest income	-	-	-	-	10,289	10,289
Net losses from investment securities measured at FVPL	-	-	-	-	(39)	(39)
Other income	-	-	-	-	30	30
Gross investment profit	**43,836**	**230,090**	**40,310**	**26,213**	**10,280**	**350,729**
Administrative expenses	-	-	-	-	(2,729)	(2,729)
Salaries and other employee benefits	-	-	-	-	(10,871)	(10,871)
Depreciation and amortisation	-	-	-	-	(261)	(261)
Interest expense	-	-	-	-	(37,194)	(37,194)
Profit/(loss) before provisions, foreign exchange and non-recurring items	**43,836**	**230,090**	**40,310**	**26,213**	**(40,775)**	**299,674**
Expected credit loss	-	-	-	-	(570)	(570)
Net foreign currency gain	-	-	-	-	27,266	27,266
Non-recurring expense	-	-	-	-	(222)	(222)
Profit/(loss) before income taxes	**43,836**	**230,090**	**40,310**	**26,213**	**(14,301)**	**326,148**
Income tax	-	-	-	-	-	-
Profit/(loss) for the period	**43,836**	**230,090**	**40,310**	**26,213**	**(14,301)**	**326,148**

(Thousands of Georgian Lari)

4. Segment information (continued)

The following table presents income statement information of the Group's operating segments for the six months ended 30 June 2020 (unaudited):

		Private Portfolio Companies					
	Listed Portfolio Companies	***Large***	***Investment Stage***	***Other***	***Corporate Center***	***Adjustments****	***Total***
(Losses)/gains on investments at fair value	(297,745)	(65,617)	57,067	(181,369)	-	1,619	(486,045)
Listed Equity Investments	*(297,745)*	-	-	-	-	-	*(297,745)*
Private Investments	-	*(65,617)*	*57,067*	*(181,369)*	-	*1,619*	*(188,300)*
Dividend income	-	-	4,927	-	-	-	4,927
Interest income	-	-	-	-	10,868	-	10,868
Net losses from investment securities measured at FVPL	-	-	-	-	(3,331)	-	(3,331)
Net realised losses from investment securities measured at FVOCI	-	-	-	-	(496)	-	(496)
Other income	-	-	-	-	229	-	229
Gross investment (loss) / profit	**(297,745)**	**(65,617)**	**61,994**	**(181,369)**	**7,270**	**1,619**	**(473,848)**
Administrative expenses	-	-	-	-	(2,031)	-	(2,031)
Salaries and other employee benefits	-	-	-	-	(8,587)	-	(8,587)
Depreciation and amortisation	-	-	-	-	(279)	-	(279)
Interest expense	-	-	-	-	(29,263)	-	(29,263)
(Loss)/profit before provisions, foreign exchange and non-recurring items	**(297,745)**	**(65,617)**	**61,994**	**(181,369)**	**(32,890)**	**1,619**	**(514,008)**
Expected credit loss reversal	-	-	-	-	140	-	140
Net foreign currency loss	-	-	-	-	(41,304)	-	(41,304)
Non-recurring expense	-	-	-	-	(3,222)	-	(3,222)
(Loss)/profit before income taxes	**(297,745)**	**(65,617)**	**61,994**	**(181,369)**	**(77,276)**	**1,619**	**(558,394)**
Income tax	-	-	-	-	-	-	-
(Loss)/profit for the period	**(297,745)**	**(65,617)**	**61,994**	**(181,369)**	**(77,276)**	**1,619**	**(558,394)**

** Write-off of capitalized project development related expenses.*

(Thousands of Georgian Lari)

5. Cash and Cash Equivalents

	As at	
	30 June 2021 (unaudited)	***31 December 2020***
Current accounts with financial institutions	103,898	105,185
Time deposits with financial institutions with maturities of up to 90 days	-	11,851
Cash and cash equivalents	**103,898**	**117,036**
Allowance	(1)	(10)
Cash and cash equivalents, Net	**103,897**	**117,026**

6. Amounts Due from Credit Institutions

	As at	
	30 June 2021 (unaudited)	***31 December 2020***
Time deposits with maturities of more than 90 days	85,992	42,989
Amounts due from credit institutions, Gross	**85,992**	**42,989**
Allowance	(399)	(334)
Amounts due from credit institutions, Net	**85,593**	**42,655**

7. Marketable Securities

	As at	
	30 June 2021 (unaudited)	***31 December 2020***
Internationally listed marketable securities (FVPL)	16,626	12,649
Internationally listed marketable securities (FVOCI)	58,138	112
Locally listed marketable securities (FVPL)	632	655
Locally listed marketable securities (FVOCI)	3,631	-
Marketable securities	**79,027**	**13,416**

8. Loans Issued

	As at	
	30 June 2021 (unaudited)	***31 December 2020***
Loans to subsidiaries (FVPL)	158,191	108,983
Loans issued, Net	**158,191**	**108,983**

As at 30 June 2021, loans to subsidiaries are denominated in GEL, USD and EUR (31 December 2020: GEL and USD), carry interest rates from 5.5% to 16% (31 December 2020: 9% to 16%), with average remaining terms of maturity of 1.6 years (31 December 2020: 2 years).

(Thousands of Georgian Lari)

9. Equity Investments at Fair Value

	31 December 2020	*Value Change*	*Dividends*	*Total gains / (Losses) on investments at fair value*	*Investments**	*Other***	*30 June 2021 (unaudited)*
Listed Portfolio Companies	**531,558**	**43,836**	**-**	**43,836**	**-**	**-**	**575,394**
BoG	*531,558*	*43,836*	-	*43,836*	-	-	*575,394*
Private Portfolio Companies	**2,376,130**	**296,613**	**(14,430)**	**282,183**	**10,588**	**3,031**	**2,671,932**
Large Portfolio Companies	**1,858,237**	**230,090**	**(4,959)**	**225,131**	**-**	**1,408**	**2,084,776**
Healthcare Services	*571,656*	*114,165*	-	*114,165*	-	-	*685,821*
Retail (Pharmacy)	*552,745*	*27,657*	-	*27,657*	-	-	*580,402*
Water utility	*471,148*	*76,097*	-	*76,097*	-	*985*	*548,230*
Insurance (P&C and Medical)	*262,688*	*12,171*	*(4,959)*	*7,212*	-	*423*	*270,323*
Of which, P&C Insurance	*197,806*	*13,081*	*(4,959)*	*8,122*	-	*423*	*206,351*
Of which, Health Insurance	*64,882*	*(910)*	-	*(910)*	-	-	*63,972*
Investment Stage Portfolio Companies	**302,964**	**40,311**	**(9,471)**	**30,840**	**10,337**	**627**	**344,768**
Renewable Energy	*209,902*	*17,104*	*(9,471)*	*7,633*	*2,947*	*627*	*221,109*
Education	*93,062*	*23,207*	-	*23,207*	*7,390*	-	*123,659*
Other Portfolio Companies	**214,929**	**26,212**	**-**	**26,212**	**251**	**996**	**242,388**
Equity investments at fair value	**2,907,688**	**340,449**	**(14,430)**	**326,019**	**10,588**	**3,031**	**3,247,326**

	31 December 2019	*Value Change*	*Dividends*	*Total gains / (Losses) on investments at fair value*	*Investments**	*Other***	*30 June 2020 (unaudited)*
Listed Portfolio Companies	**1,027,814**	**(297,745)**	**-**	**(297,745)**	**-**	**-**	**730,069**
GHG	*430,079*	*(94,412)*	-	*(94,412)*	-	-	*335,667*
BoG	*597,735*	*(203,333)*	-	*(203,333)*	-	-	*394,402*
Private Portfolio Companies	**1,223,651**	**(183,373)**	**(4,927)**	**(188,300)**	**55,989**	**5,049**	**1,096,389**
Large Portfolio Companies	**648,893**	**(65,616)**	**-**	**(65,616)**	**-**	**1,083**	**584,360**
Water utility	*483,970*	*(46,064)*	-	*(46,064)*	-	*1,083*	*438,989*
P&C Insurance	*164,923*	*(19,552)*	-	*(19,552)*	-	-	*145,371*
Investment Stage Portfolio Companies	**163,116**	**62,027**	**(4,927)**	**57,100**	**44,383**	**847**	**265,446**
Renewable Energy	*106,800*	*37,647*	*(4,927)*	*32,720*	*44,350*	*847*	*184,717*
Education	*56,316*	*24,380*	-	*24,380*	*33*	-	*80,729*
Other Portfolio Companies	**411,642**	**(179,784)**	**-**	**(179,784)**	**11,606**	**3,119**	**246,583**
Equity investments at fair value	**2,251,465**	**(481,118)**	**(4,927)**	**(486,045)**	**55,989**	**5,049**	**1,826,458**

* Capital injections in portfolio companies made by JSC Georgia Capital (cash contribution of GEL 10,588 for the period ended 30 June 2021, GEL 55,989 for the period ended 30 June 2020).

** Other investments in portfolio companies.

(Thousands of Georgian Lari)

10. Debt Securities Issued

Debt securities issued comprise:

	As at	
	30 June 2021 (unaudited)	*31 December 2020*
USD denominated Eurobonds	1,141,320	980,932
Debt securities issued	**1,141,320**	**980,932**

In March 2018 Georgia Capital issued USD 300 million (GEL 734 million) of notes due in March 2024 denominated in US Dollars and bearing interest at 6.125% which were admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market (the "Notes"). The Notes were sold at the price of 98.770% of par value at the initial offering.

On 16 March 2021, Georgia Capital placed USD 65,000 (GEL 215,826) tap issue, which was consolidated and forms a single series with the Notes. From the tap issue, notes with par value of USD 4,154 (GEL 13,809) were repurchased by Georgia Capital at the issue date. Cash proceeds from the tap issue, net of fees paid, was GEL 212,725.

During six months ended 30 June 2021, Georgia Capital reissued the notes held in treasury for total consideration of GEL nil (2020: GEL 4,483).

11. Equity

Share capital

As at 30 June 2021, issued share capital comprised 13,365,723 authorised common shares (31 December 2020: 13,390,989), of which 13,365,723 were fully paid (31 December 2020: 13,390,989). Each share has a nominal value of one Georgian Lari. Shares issued and outstanding as at 30 June 2021 are described below:

	Number of shares Ordinary	*Amount*
31 December 2020	**13,390,989**	**13,391**
Capital Reduction	(25,266)	(25)
30 June 2021 (unaudited)	**13,365,723**	**13,366**

	Number of shares Ordinary	*Amount*
31 December 2019	**12,399,944**	**12,400**
Capital Reduction	(176,509)	(177)
30 June 2020 (unaudited)	**12,223,435**	**12,223**

Capital Reduction

During the six months ended 30 June 2021, Georgia Capital bought back from its parent, Georgia Capital PLC, 25,266 own shares (2020: 176,509) for total consideration of GEL 4,500 (2020: GEL 8,618), of which GEL 4,500 (2020: GEL 7,453) was paid in cash. All of the repurchased ordinary shares were cancelled. GEL 4,475 (2020: GEL 8,441) difference between GEL 25 (2020: GEL 177) par value of the acquired shares and the consideration transferred was recognized as deduction from additional paid-in capital.

(Thousands of Georgian Lari)

11. Equity (continued)

Treasury Shares

Treasury shares consist of GEL 837 (31 December 2020: GEL 837) Georgia Capital shares and GEL 99 (31 December 2020: 103) shares of Georgia Capital PLC (the Parent) repurchased as a result of management compensation scheme, which are considered as treasury shares for the Group.
During six months ended 30 June 2021, the Group acquired treasury shares in connection to its share-based compensation plans for total consideration of GEL 6,962 (2020: GEL 4,847).

12. Fair Value Measurements

Fair value hierarchy

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

30 June 2021 (unaudited)	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Marketable securities	41,682	37,345	-	79,027
Equity investments at fair value	575,394	-	2,671,932	3,247,326
Loans issued	-	-	158,191	158,191
Assets for which fair values are disclosed				
Cash and cash equivalents	-	103,897	-	103,897
Amounts due from credit institutions	-	85,593	-	85,593
Accounts receivable	-	-	100	100
Liabilities for which fair values are disclosed				
Debt securities issued	-	1,173,924	-	1,173,924
Lease liabilities	-	899	-	899

31 December 2020	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Marketable securities	4,986	8,430	-	13,416
Equity investments at fair value	531,558	-	2,376,130	2,907,688
Loans issued	-	-	108,983	108,983
Assets for which fair values are disclosed				
Cash and cash equivalents	-	117,026	-	117,026
Amounts due from credit institutions	-	42,655	-	42,655
Accounts receivable	-	-	117	117
Liabilities for which fair values are disclosed				
Debt securities issued	-	1,001,956	-	1,001,956
Lease liabilities	-	264	-	264

During six months ended 30 June 2021 movements from Level 2 to Level 1 of the fair value hierarchy for marketable securities amounted to GEL 1,121, as the market for the transferred instruments became more liquid.

12. Fair Value Measurement (continued)

Valuation techniques

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

Equity Investments in Listed Portfolio Companies

Equity instruments listed on an active market are valued at the price within the bid/ask spread, that is most representative of fair value at the reporting date, which usually represents the closing bid price. The instruments are included within Level 1 of the hierarchy in these interim condensed consolidated financial statements.

Equity Investments in Private Portfolio Companies

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

Investment stage and other portfolio companies – fair value assessment is performed internally as described below.

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

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

12. Fair Value Measurement (continued)

Valuation techniques (continued)

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

Listed Peer Group Multiples

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

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

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

a. Valuation based on enterprise value

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

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

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

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

b. Equity fair value valuation

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

Discounted cash flow

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

12. Fair Value Measurement (continued)

Valuation techniques (continued)

Net Asset Value

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

Price of recent investment

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

Validation

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

- Listed peer group multiples – peer multiples such as P/E, P/B (price to book) and dividend yield are applied to the respective metrics of the investment being valued depending on the industry of the company. Georgia Capital develops a fair value range based on these techniques and analyses whether the fair value estimated above falls within this range.
- Discounted cash flow (DCF) – The discounted cash flow valuation method is used to determine fair value of the equity investment. Based on DCF, Georgia Capital 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 the primary valuation method, the difference is examined thoroughly, and judgement is applied in estimating fair value at the measurement date.

Valuation process for Level 3 valuations

As noted above, fair values of investments in private companies are assessed externally by an independent third-party valuation firm for large private portfolio companies at the reporting date starting from 31 December 2020 and internally in accordance with Georgia Capital's valuation methodology by the Valuation Workgroup for investment stage and other portfolio companies.

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

Description of significant unobservable inputs to level 3 valuations

The approach to valuations as of 30 June 2021 was consistent with the Group's valuation process and policy. Key focus of the valuations at 30 June 2021 was an assessment of the developments of the COVID-19 pandemic and its impact on each portfolio company. Management continues to monitor the impact that the COVID-19 pandemic has on the valuation of portfolio companies.

(Thousands of Georgian Lari)

12. Fair Value Measurement (continued)

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

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

30 June 2021 (unaudited)

Description	*Valuation technique*	*Unobservable input*	*Range [selected input]*	*Fair value*
Loans Issued	DCF	Discount rate	5.5%-16%	*158,191*
Equity investments at fair value				
Large portfolio				*2,084,776*
Healthcare services	*DCF, EV/EBITDA*	EV/EBITDA multiple	7.0x-51.9x [10.6x]	*685,821*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	7.3x-18.6x [9.3x]	*580,402*
Water utility	*DCF, EV/EBITDA*	EV/EBITDA multiple	8.2x-14.7x [9.3x]	*548,230*
P&C insurance	*DCF, P/E*	P/E multiple	6.1x-19.9x [12.0x]	*206,351*
Medical insurance	*DCF, P/E*	P/E multiple	7.3x-18.3x [12.3x]	*63,972*
Investment stage				*344,768*
Renewable energy	Sum of the parts	EV/EBITDA multiple	6.9x-16.5x [9.2x-11.5x]	*221,109*
Education	EV/EBITDA	EV/EBITDA multiple	6.3x-25.2x [12.5x]	*123,659*
Other	Sum of the parts	EV/EBITDA multiples EV/Sales multiple Cashflow probability NAV multiple	1.8x-18.2x [5.5x-9.8x] 1.1x-3.3x [2.1x] 95%-100% 1.0x	*242,388*

31 December 2020

Description	*Valuation technique*	*Unobservable input*	*Range [selected input]*	*Fair value*
Loans Issued	DCF	Discount rate	9%-16%	*108,983*
Equity investments at fair value				
Large portfolio				*1,858,237*
Healthcare services	*DCF, EV/EBITDA*	EV/EBITDA multiple	7.4x-65.8x [13.2x]	*571,656*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	7.2x-18.4x [9.1x]	*552,745*
Water utility	*DCF, EV/EBITDA*	EV/EBITDA multiple	8.8x-12.4x [9.4x]	*471,148*
P&C insurance	*DCF, P/E*	P/E multiple	7.1x-18.1x [11.6x]	*197,806*
Medical insurance	*DCF, P/E*	P/E multiple	9.6x-15.6x [10.1x]	*64,882*
Investment stage				*302,964*
Renewable energy	Sum of the parts	EV/EBITDA multiple	11.3x-21.3x [9.0x-10.5x]	*209,902*
Education	EV/EBITDA	EV/EBITDA multiple	7.2x-21.8x [12.5x]	*93,062*
Other	Sum of the parts	EV/EBITDA multiples EV/Sales multiple Cashflow probability NAV multiple	5.1x-19.9x [5.0x-10.0x] 1.2x-4.7x [2.4x] [90%-100%] [0.9x]	*214,929*

12. Fair Value Measurement (continued)

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

The fair value of investment property held by Hospitality and Commercial business (presented within "other" in equity investments) is estimated annually by independent third-party valuers. Due to the COVID-19 impact on real estate markets, investment property valuations as at 31 December 2020 are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. As of 30 June 2021, valuation was performed in-house based on inputs from binding sales offers and other relevant data. The fair value of the business as at 30 June 2021 is GEL 40,076 (31 December 2020: GEL 43,036).

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

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

If the interest rate for each individual loan issued to subsidiaries as at 30 June 2021 decreased by 20% (31 December 2020: 20%), the amount of loans issued would have decreased by GEL 2,279 or 1.4% (31 December 2020: GEL 1,494 or 1.4%). If the interest rates increased by 20% (31 December 2020: 20%) then loans issued would have increased by GEL 2,284 or 1.4% (31 December 2020: GEL 1,502 or 1.4%).

If the listed peer multiples used in the market approach to value unquoted investments as at 30 June 2021 decreased by 10% (31 December 2020: 10%), value of equity investments at fair value would decrease by GEL 119 million or 4% (31 December 2020: GEL 117 million or 4%). If the multiple increased by 10% (31 December 2020: 10%) then the equity investments at fair value would increase by GEL 127 million or 4% (31 December 2020: GEL 117 million or 4%).

If the discount rates used in the income approach to value unquoted investments decreased by 50 basis points (31 December 2020: 50 basis points), the value of equity investments at fair value would increase by GEL 101 million or 3% (31 December 2020: GEL 91 million or 3%). If the discount rates increased by 50 basis points (31 December 2020: 50 basis points) then the equity investments at fair value would decrease by GEL 93 million or 3% (GEL 87 million or 3%). If the discount rate decreased by 100 basis points, the value of equity investments at fair value would increase by GEL 210 million or 6% (31 December 2020: GEL 192 million or 7%). If the discount rate increased by 100 basis points then the equity investments at fair value would decrease by GEL 179 million or 6% (31 December 2020: GEL 166 million or 6%).

If the multiple used to value unquoted investments valued on NAV and recent transaction price basis (except for Hospitality and Commercial business) as at 30 June 2021 decreased by 10% (31 December 2020: 10%), value of equity investments at fair value would decrease by GEL 11 million or 0.3% (31 December 2020: GEL 12 million or 0.4%). If the multiple increased by 10% then the equity investments at fair value would increase by GEL 11 million or 0.3% (31 December 2020: GEL 12 million or 0.4%).

(Thousands of Georgian Lari)

12. Fair Value Measurement (continued)

Movements in level 3 financial instruments measured at fair value

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

	At 31 December 2019	PL movement* realized	PL movement* unrealized	Investments	Other changes	Derecognition	Loans issued	At 30 June 2020 (unaudited)
Level 3 financial assets								
Call option	469	-	120	-	-	(589)	-	-
Loans issued	117,506	2,787	10,836	-	(2,787)	-	5,000	133,342
Equity investments at fair value	1,223,651	4,927	(188,300)	55,989	122	-	-	1,096,389

	At 31 December 2020	PL movement* realized	PL movement* unrealized	Investments	Other changes**	Loans issued	Loans repaid	At 30 June 2021 (unaudited)
Level 3 financial assets								
Loans issued	108,983	109	(1,557)	-	(109)	51,687	(922)	158,191
Equity investments at fair value	2,376,130	14,430	282,183	10,588	(11,399)	-	-	2,671,932

**PL movement represents gain on revaluation of call option, interest income and foreign exchange gain on loans issued and fair value loss and dividend income on investments at fair value.*
*** Other changes for loans issued represent interest repayment and for equity investments at fair value – dividends and other investments (note 9).*

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

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

	Carrying value 30 June 2021 (unaudited)	Fair value 30 June 2021 (unaudited)	Unrecognised gain (loss) 30 June 2021 (unaudited)	Carrying value 31 December 2020	Fair value 31 December 2020	Unrecognised gain (loss) 31 December 2020
Financial assets						
Cash and cash equivalents	103,897	103,897	-	117,026	117,026	-
Amounts due from credit institutions	85,593	85,593	-	42,655	42,655	-
Financial liabilities						
Lease liabilities	961	899	62	273	264	9
Debt securities issued	1,141,320	1,173,924	(32,604)	980,932	1,001,956	(21,024)
Total unrecognised change in unrealised fair value			**(32,542)**			**(21,015)**

(Thousands of Georgian Lari)

13. Maturity Analysis

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

	30 June 2021 (unaudited)			31 December 2020		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 Year	Total
Cash and cash equivalents	103,897	-	103,897	117,026	-	117,026
Amounts due from credit institutions	85,593	-	85,593	42,655	-	42,655
Marketable securities*	79,027	-	79,027	13,416	-	13,416
Accounts receivable	100	-	100	117	-	117
Prepayments	2,129	-	2,129	588	-	588
Loans issued	69,649	88,542	158,191	2,457	106,526	108,983
Property and equipment	-	497	497	-	449	449
Intangible assets	-	88	88	-	99	99
Other assets	64	7,074	7,138	86	5,937	6,023
Equity investments at fair value	-	3,247,326	3,247,326	-	2,907,688	2,907,688
Total assets	**340,459**	**3,343,527**	**3,683,986**	**176,345**	**3,020,699**	**3,197,044**
Accounts Payable	2,342	-	2,342	531	-	531
Debt securities issued	21,424	1,119,896	1,141,320	18,769	962,163	980,932
Other liabilities	1,000	953	1,953	2,155	136	2,291
Total liabilities	**24,766**	**1,120,849**	**1,145,615**	**21,455**	**962,299**	**983,754**
Net	**315,693**	**2,222,678**	**2,538,371**	**154,890**	**2,058,400**	**2,213,290**

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

14. Related Party Disclosures

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

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties are conducted on an arm's length basis.

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

	30 June 2021 (unaudited)		31 December 2020	
	Management*	Subsidiaries**	Management*	Subsidiaries**
Assets				
Marketable securities	-	15,354	-	1,343
Prepayments	-	1,254	-	457
Loans issued	-	158,191	-	108,983
Other assets	-	6,092	-	5,769
	-	**180,891**	**-**	**116,552**
Liabilities				
Accounts Payable	-	1,348	-	-
Debt securities issued	4,740	-	4,915	-
Financial guarantees provided (notional value)	-	69,575	-	74,431
Other liabilities	-	857	-	88
	4,740	**71,780**	**4,915**	**74,519**

(Thousands of Georgian Lari)

14. Related Party Disclosures (continued)

	30 June 2021 (unaudited)		*30 June 2020 (unaudited)*	
	Management*	***Subsidiaries*****	***Management****	***Subsidiaries*****
Income and expenses				
Dividend income	-	14,430	-	4,927
Administrative expenses	-	(607)	-	(379)
Loss on FX derivative transactions	-	-	-	(1,006)
Interest income at EIR method	-	6,140	-	7,711
Other interest income		743		652
Interest expense	(305)	(5)	(299)	(11)
	(305)	**20,701**	**(299)**	**11,894**

** Management of JSC Georgia Capital as at and for the six months ended 30 June 2021 consist of 4 executives and 6 members of supervisory board (31 December 2020 and 30 June 2020: 3 executives and 6 members of supervisory board).*
*** Subsidiaries comprise of investees of JSC Georgia Capital.*

Compensation of key management personnel comprised the following:

	30 June 2021 (unaudited)	**30 June 2020 (unaudited)**
Salaries and other benefits	(1,321)	(1,380)
Share-based payments compensation	(7,721)	(6,729)
Non-recurring expense*	-	(3,222)
Total key management compensation	**(9,042)**	**(11,331)**

*The amount represents termination benefit of one of the Georgia Capital's key management personnel.

Key management personnel do not receive cash settled compensation, except for fixed salaries. The major part of the total compensation is share-based. The number of key management personnel at 30 June 2021 was 10 (31 December 2020: 9).

15. Events after the Reporting Period

Sale of commercial real estate assets

During June-August 2021 period, the Group's Hospitality and Commercial business successfully completed the sale of selected commercial real estate assets for USD 35 million (GEL 107 million) with a 15% premium (USD 4.7 million) to the book value as of 31 December 2020 to a combination of local and regional investors. USD 30 million from the proceeds will be used to repay the existing USD30 million bonds issued by the commercial real estate business and maturing on 31 December 2021, while the remaining amount and proceeds from future sales of remaining commercial real estate assets will be utilised for general corporate purposes.

Resumption of Share Buybacks

In August 2021, the Board of Georgia Capital PLC, the Parent, approved a USD10 million share buyback and cancellation programme, over a twelve-month period. The shares will be purchased in the open market. The buyback programme will be financed by equity distributions to be made by JSC Georgia Capital.