FINANCIAL PERFORMANCE HIGHLIGHTS (IFRS)[1]

GEL '000, unless otherwise noted	Sep-21	Jun-21	Change	Dec-20	Change	
Georgia Capital NAV overview						
NAV per share, GEL	59.77	54.48	9.7%	48.12	24.2%	
Net Asset Value (NAV)	2,762,844	2,537,536	8.9%	2,212,292	24.9%	
Total portfolio value	3,469,495	3,247,326	6.8%	2,907,688	19.3%	
Liquid assets and loans issued	414,930	442,088	-6.1%	284,272	46.0%	
Net debt	(712,121)	(714,065)	-0.3%	(697,999)	2.0%	
Georgia Capital Performance	**3Q21**	**3Q20**	**Change**	**9M21**	**9M20**	**Change**
Total portfolio value creation	244,631	452,097	-46%	585,080	(30,641)	NMF
of which, listed businesses	*66,246*	*(135,237)*	NMF	*110,082*	*(432,982)*	NMF
of which, private businesses	*178,385*	*587,334*	-70%	*474,998*	*402,341*	18%
Investments	6,542	138,296	-95%	17,130	194,287	-91%
Dividend income	30,000	9,972	NMF	44,430	14,899	NMF
Net income	229,849	398,032	-42%	553,148	(166,810)	NMF
Private portfolio companies' performance[1]	**3Q21**	**3Q20**	**Change**	**9M21**	**9M20**	**Change**
Large portfolio companies						
Revenue	399,853	303,652	31.7%	1,130,041	880,561	28.3%
EBITDA	91,494	61,872	47.9%	239,352	158,642	50.9%
Net operating cash flow	114,015	68,573	66.3%	196,013	195,264	0.4%
Investment stage portfolio companies						
Revenue	16,765	19,164	-12.5%	53,437	52,005	2.8%
EBITDA	9,489	12,455	-23.8%	30,839	31,722	-2.8%
Net operating cash flow	13,965	14,573	-4.2%	31,558	37,184	-15.1%
Total portfolio[2]						
Revenue	505,726	405,990	24.6%	1,422,504	1,130,478	25.8%
EBITDA	108,837	85,452	27.4%	297,718	204,709	45.4%
Net operating cash flow	137,378	110,892	23.9%	248,976	288,933	-13.8%

KEY POINTS

- NAV per share (GEL) up 9.7% in 3Q21, mainly resulting from:
  - GEL 178.4 million value creation across our private portfolio *(+7.0 ppts impact)*
  - A 15.6% increase in BoG share price in 3Q21, adding GEL 66.2 million *(+2.6 ppts impact)* to the value of our holding
- Outstanding quarterly revenue and EBITDA growth across our private portfolio, up 24.6% and 27.4% y-o-y, respectively, in 3Q21 (up 25.8% and 45.4%, y-o-y in 9M21)
- Record aggregate quarterly net operating cash flows of GEL 137.4 million, up 23.9% y-o-y in 3Q21
- GEL 30 million dividends collected from the private portfolio companies in 3Q21 (GEL 44.4 million in 9M21), including GEL 25 million dividends from GHG businesses
- Buyout of the minority shareholders in Retail (Pharmacy) agreed at renegotiated terms, providing the path to 100% ownership and stretching over six year/tranches at 5.25x EV/EBITDA multiple
- Additional sales of US$ 10.3 million commercial real estate properties in September-November 2021 leading to a total of US$ 45.0 million divestment with an 11.3% premium (US$ 4.6 million) since June 2021

Conference call: An investor/analyst conference call will be held on 16 November 2021, at 13:00 UK / 14:00 CET / 08:00 US Eastern Time. Please click the link to join the webinar: WEBINAR LINK, webinar ID: 858 6566 0780, passcode: 067923. Further details about the webinar are available on the Group's webpage: https://georgiacapital.ge/ir/news.

[1] See "Basis of Presentation" for more background on page 26. Private portfolio companies' performance includes aggregated stand-alone IFRS results for our portfolio companies, which can be viewed as APMs for Georgia Capital, since Georgia Capital does not consolidate its subsidiaries and instead measures them at fair value under IFRS.
[2] The results of our five smaller businesses included in other portfolio companies (described on pages 23-24) are not broken out separately. Performance totals, however, include the other portfolio companies results (and are therefore not the sum of large and investment stage portfolio results).

CHAIRMAN AND CEO'S STATEMENT

The Georgian economy has continued to demonstrate remarkable progress, notwithstanding the ongoing impact of COVID-19 related infection waves. Real GDP grew by 11.3% y-o-y in the nine-month period from January to September 2021, surpassing even the most optimistic expectations set at the beginning of 2021. Positive developments in the epidemiological environment were sustained in the third quarter of 2021, as 33.9% of the adult population have now been fully vaccinated, up from 3.5% at 30 June 2021. To further increase the vaccination rate across the country and meet its target of vaccinating 60% of the adult population before the end of 2021, the Georgian Government has recently introduced the internationally accepted "Green Pass" programme. The strong momentum in the economic recovery has supported the excellent operating performance across our high-quality and defensive portfolio companies, which has enabled Georgia Capital to deliver substantial progress and value creation.

3Q21 NAV per share growth of 9.7% (up 24.2% in 9M21). NAV per share growth in 3Q21 was outstanding and resulted mainly from GEL 245 million in value creation across our portfolio, with a 9.6 ppts impact on the NAV per share. The value creation across our private portfolio amounted to GEL 178 with a 7.0 ppts impact on the NAV per share. BoG share price during 3Q21 increased by 15.6%, strongly supporting NAV per share growth with GEL 66 million value creation (+2.6 ppts impact). Similarly, the 24.2% NAV per share growth in 9M21 reflects GEL 585 million value creation across our portfolio, where GEL 475 million (+21.5 ppts impact) and GEL 110 million (+5.0 ppts impact) value was created in our private and listed portfolio companies, respectively. NAV per share growth was even stronger in GBP terms, up by 13.7% in 3Q21 (up 31.0% in 9M21).

Outstanding operating performance across our private portfolio. The aggregated revenues of our private portfolio companies during 3Q21 totalled GEL 506 million, a 25% year-over-year growth and a 34% growth over the equivalent, pre-pandemic, 2019 period, while aggregated EBITDA in 3Q21 was up 27% y-o-y and up 32% compared to the pre-pandemic 2019 period. The growth mainly reflects the robust performance across our large portfolio companies (revenues up 32% and EBITDA up 48% y-o-y in 3Q21). The revised tariffs, increased water consumption levels, and higher electricity sales volumes (the latter supported by strong water inflows into the Zhinvali reservoir) translated into 58% and 95% y-o-y growth in revenues and EBITDA of the water utility business, respectively, in 3Q21. Quarterly revenue of our healthcare services business was up 48% (EBITDA up 28%) y-o-y in 3Q21, reflecting the remarkable growth in the admission rates at our hospitals and clinics on the back of increased demand for elective healthcare services. The rebound in elective healthcare, together with the continuing expansion of the pharmacy chain, also positively impacted the performance of our retail (pharmacy) business which delivered 3Q21 revenues that were up 21% y-o-y and a 25% y-o-y increase in EBITDA. The combined revenue of our insurance business (P&C and Medical) was up 18% y-o-y in 3Q21 (net profit up 21% y-o-y in 3Q21), benefiting from the rebounding demand and increased prices of the insurance policies. The strong business growth across our portfolio companies also led to record aggregate quarterly net operating cash flows of GEL 137 million, up 24% y-o-y in 3Q21.

For 9M21, the aggregated revenues of our private portfolio companies increased by 26% y-o-y (and were up 36% over the equivalent, pre-pandemic, 2019 period), while the aggregated 9M21 y-o-y EBITDA growth was 45% (up 51% compared to 9M19).

Buyout of the minority shareholders in Retail (Pharmacy). In October 2021, Georgia Healthcare Group, the holding company of the GCAP's healthcare services, retail (pharmacy) and medical insurance businesses, signed a share purchase agreement to acquire the remaining 33% minority interest in its retail (pharmacy) business over the next six years. The buyout will be executed in six annual tranches at a 5.25x EV/EBITDA multiple. The newly agreed payment terms will provide better visibility for GHG to manage its liquidity position and allow GHG to increase the dividend inflows from the retail (pharmacy) business. The transaction is in line with our 360-degree capital allocation philosophy and reconfirms our confidence in the value creation potential of the retail business, where our management team has consistently delivered outstanding results and captured business growth opportunities.

From a **macroeconomic perspective**, the economic recovery continued to deliver a strong performance into the second half of 2021. On the domestic side, the recovery has been supported by expansionary fiscal policy (current and capital expenditures grew by 13.9% y-o-y in 9M21) and robust lending in both national and foreign currencies (total loans up 15.8% y-o-y in September without the exchange rate effect). On the external side, strong remittance inflows (up 27.8% y-o-y in 9M21) have been supported by merchandise exports (up 24.1% y-o-y in 9M21) and tourism revenues rebounding to 50% of 2019 levels for the three consecutive months of July-September 2021. The Georgian Lari (GEL) began strengthening in mid-May 2021, appreciating by 3.6% compared to the beginning of the year and by 8.6% compared to the year-to-date low as of 10 November 2021. The real effective exchange rate (REER) has also been appreciating for four consecutive months since May, although it still remains below the long-run trend. The currency appreciation has been driven by strong foreign demand for Georgian exports, robust remittance inflows, tight monetary policy and accelerated foreign currency lending, as well as improving market sentiment. Aided by higher-than-expected growth and GEL strengthening, the government has lowered the public debt-to-GDP ratio projection to 52% by the end of 2021, down from 60% at the end of 2020, and the overall budget deficit projection has also been narrowed to 6.8% of GDP. While fiscal support remains substantial, the deficit is planned to be cut to 2.8% of

GDP by 2023. The National Bank of Georgia appropriately tightened the refinancing rate to 10.0% in August 2021, responding to higher-than-expected inflation and the potential risk of entrenched inflationary expectations. Rising prices have mostly been caused by the global food and commodity price surges, although supply side pressures are no longer abated by weak domestic demand. Inflation reached 12.3% in September and is expected to average over 9% in 2021, declining gradually next year after the transitory effects subside and global supply side pressures ease.

Outlook. The strong management teams at our portfolio companies have continued to successfully navigate the challenges created by the pandemic, while seeking opportunities to develop and improve their operating performance. In addition, to this strong performance from the portfolio companies, we have also made further strategic progress with the additional sales of US$ 10.3 million commercial real estate properties in September-November 2021 and remain on track with our other key strategic priorities. As a result, and based on our proven governance, capital discipline, and sound management capabilities, I believe Georgia Capital is well-positioned to continue delivering robust and consistent NAV per share growth and a substantial return for our shareholders.

Irakli Gilauri, Chairman and CEO

DISCUSSION OF GROUP RESULTS

The discussion below analyses the Group's net asset value at 30-Sep-21 and its income for the third quarter and nine-month period then ended on an IFRS basis (see "Basis of Presentation" on page 26 below).

Net Asset Value (NAV) Statement

NAV statement summarises the Group's IFRS equity value (which we refer to as Net Asset Value or NAV in the NAV Statement below) at the opening and closing dates (30-Jun-21 and 30-Sep-21). The NAV Statement below breaks down NAV into its components and provides a roll forward of the related changes between the reporting periods.

NAV STATEMENT 3Q21

GEL '000, unless otherwise noted	Jun-21	1. Value creation[3]	2a. Investment	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Sep-21	Change %
Listed Portfolio Companies									
Bank of Georgia (BoG)	575,394	66,246	-	-	-	-	-	641,640	11.5%
Total Listed Portfolio Value	**575,394**	**66,246**	**-**	**-**	**-**	**-**	**-**	**641,640**	**11.5%**
Listed Portfolio value change %		*11.5%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*11.5%*	
Private Portfolio Companies									
Large Companies	**2,084,776**	**185,259**	-	**-**	**(25,000)**	**-**	**249**	**2,245,284**	**7.7%**
Healthcare Services	*685,821*	*49,693*	-	-	*(11,545)*	-	-	*723,969*	*5.6%*
Retail (Pharmacy)	*580,402*	*48,684*	-	-	*(11,460)*	-	-	*617,626*	*6.4%*
Water Utility	*548,230*	*71,260*	-	-	-	-	*249*	*619,739*	*13.0%*
Insurance (P&C and Medical)	*270,323*	*15,622*	-	-	*(1,995)*	-	-	*283,950*	*5.0%*
Of which, P&C Insurance	*206,351*	*10,084*	-	-	-	-	-	*216,435*	*4.9%*
Of which, Medical Insurance	*63,972*	*5,538*	-	-	*(1,995)*	-	-	*67,515*	*5.5%*
Investment Stage Companies	**344,768**	**(9,595)**	**6,177**	**-**	**(5,000)**	**-**	**249**	**336,599**	**-2.4%**
Renewable Energy	*221,109*	*(8,000)*	*776*	-	*(5,000)*	-	*249*	*209,134*	*-5.4%*
Education	*123,659*	*(1,595)*	*5,401*	-	-	-	-	*127,465*	*3.1%*
Other Companies	**242,388**	**2,721**	**365**	**-**	**-**	**-**	**498**	**245,972**	**1.5%**
Total Private Portfolio Value	**2,671,932**	**178,385**	**6,542**	-	**(30,000)**	-	**996**	**2,827,855**	**5.8%**
Private Portfolio value change %		*6.7%*	*0.2%*	*0.0%*	*-1.1%*	*0.0%*	*0.0%*	*5.8%*	
Total Portfolio Value (1)	**3,247,326**	**244,631**	**6,542**	**-**	**(30,000)**	**-**	**996**	**3,469,495**	**6.8%**
Total Portfolio value change %		*7.5%*	*0.2%*	*0.0%*	*-0.9%*	*0.0%*	*0.0%*	*6.8%*	
Net Debt (2)	**(714,065)**	**-**	**(6,542)**	**(9,335)**	**30,000**	**(5,097)**	**(7,082)**	**(712,121)**	**-0.3%**
of which, Cash and liquid funds	*283,897*	-	*(6,542)*	*(9,335)*	*30,000*	*(5,097)*	*(36,735)*	*256,188*	*-9.8%*
of which, Loans issued	*158,191*	-	-	-	-	-	*551*	*158,742*	*0.3%*
of which, Gross Debt	*(1,156,153)*	-	-	-	-	-	*29,102*	*(1,127,051)*	*-2.5%*
Net other assets/ (liabilities) **(3)**	4,275	-	-	-	-	(3,791)	4,986	5,470	28.0%
of which, share-based comp.		-	-	-	-	*(3,791)*	*3,791*	-	
Net Asset Value (1)+(2)+(3)	**2,537,536**	**244,631**	**-**	**(9,335)**	**-**	**(8,888)**	**(1,100)**	**2,762,844**	**8.9%**
NAV change %		*9.6%*	*0.0%*	*-0.4%*	*0.0%*	*-0.4%*	*0.0%*	*8.9%*	
Shares outstanding[3]	46,575,944	-	-	(354,000)	-	-	-	46,221,944	-0.8%
Net Asset Value per share, GEL	**54.48**	**5.25**	**0.00**	**0.22**	**0.00**	**(0.19)**	**0.00**	**59.77**	**9.7%**
NAV per share, GEL change %		*9.6%*	*0.0%*	*0.4%*	*0.0%*	*-0.3%*	*0.0%*	*9.7%*	

NAV per share (GEL) increased by 9.7% in 3Q21, mainly reflecting a strong value creation across our private large portfolio companies with a positive 7.3 ppts impact on the NAV per share. NAV per share growth was further supported by an increased valuation of BoG (+2.6 ppts impact), share buybacks - in line with the ongoing US$ 10 million share buyback and cancellation programme (+0.4 ppts impact), and GEL's appreciation against US$ by 1.2%, resulting in a foreign currency gain of GEL 7.9 million on GCAP net debt (+0.3 ppts impact). The NAV per share growth was slightly offset by a) negative value creation across investment stage portfolio companies (-0.4 ppts impact), and b) management platform related costs and net interest expense with negative 0.3 ppts and 0.5 ppts impact, respectively.

Portfolio overview

Our portfolio value increased by 6.8% to GEL 3.47 billion in 3Q21, reflecting a 5.8% and 11.5% growth in the value of private and listed businesses, respectively. At 30-Sep-21, the private portfolio value was GEL 2.83 billion (81.5% of total portfolio value), and the listed portfolio value was GEL 641.6 million (18.5% of total). The private portfolio value growth of GEL 155.9 million mainly reflects the net impact of a) GEL 178.4 million value creation, b) investments of GEL 6.5 million predominantly in Education and Renewable Energy, and c) a decrease of GEL 30.0 million due to dividends paid to GCAP.

[3] Please see definition in glossary on page 26.

Value creation

BoG share price during 3Q21 increased by 15.6%, strongly supporting NAV per share growth with GEL 66.2 million value creation. The value creation of GEL 178.4 million on the private portfolio mainly reflects a) a GEL 236.4 million operating performance-related increase in the value of our private assets, which delivered substantially higher aggregated revenues (up 24.6% in 3Q21 and 25.8% in 9M21, y-o-y) and EBITDA (up 27.4% in 3Q21 and 45.4% in 9M21, y-o-y), slightly offset by c) a GEL 59.2 million negative net impact from changes in valuation multiples and foreign currency exchange rates.

The table below summarises value creation drivers in our businesses in 3Q21:

Portfolio Businesses	Operating Performance[4]	Greenfields / buy-outs[5]	Multiple Change and FX[6]	Value Creation
GEL '000, unless otherwise noted	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed				**66,246**
BoG				66,246
Private	**236,357**	**1,213**	**(59,185)**	**178,385**
Large Portfolio Companies	**236,931**	**-**	**(51,672)**	**185,259**
Healthcare Services	*60,576*	-	*(10,883)*	*49,693*
Retail (pharmacy)	*57,187*	-	*(8,503)*	*48,684*
Water Utility	*103,546*	-	*(32,286)*	*71,260*
Insurance (P&C and Medical)	*15,622*	-	-	*15,622*
Of which, P&C Insurance	*10,084*	-	-	*10,084*
Of which, Medical Insurance	*5,538*	-	-	*5,538*
Investment Stage Portfolio Companies	**(7,686)**	**1,578**	**(3,487)**	**(9,595)**
Renewable Energy	*(6,708)*	*1,578*	*(2,870)*	*(8,000)*
Education	*(978)*	-	*(617)*	*(1,595)*
Other	**7,112**	**(365)**	**(4,026)**	**2,721**
Total portfolio	**236,357**	**1,213**	**(59,185)**	**244,631**

Enterprise value and equity value development of our businesses in 3Q21 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted	30-Sep-21	30-Jun-21	Change %	30-Sep-21	30-Jun-21	Change %	% share in total portfolio
Listed portfolio				**641,640**	**575,394**	**11.5%**	**18.5%**
BoG				641,640	575,394	11.5%	18.5%
Private portfolio	**4,686,515**	**4,632,745**	**1.2%**	**2,827,855**	**2,671,932**	**5.8%**	**81.5%**
Large portfolio companies	**3,243,902**	**3,104,119**	**4.5%**	**2,245,284**	**2,084,776**	**7.7%**	**64.7%**
Healthcare Services	1,007,139	964,045	4.5%	723,969	685,821	5.6%	20.9%
Retail (pharmacy)	916,449	878,013	4.4%	617,626	580,402	6.4%	17.8%
Water Utility	1,057,001	1,011,491	4.5%	619,739	548,230	13.0%	17.9%
Insurance (P&C and Medical)	263,313	250,570	5.1%	283,950	270,323	5.0%	8.2%
Of which, P&C Insurance	216,435	206,351	4.9%	216,435	206,351	4.9%	6.2%
Of which, Medical Insurance	46,878	44,219	6.0%	67,515	63,972	5.5%	1.9%
Investment stage portfolio companies	**627,439**	**650,684**	**-3.6%**	**336,599**	**344,768**	**-2.4%**	**9.7%**
Renewable Energy	488,323	506,860	-3.7%	209,134	221,109	-5.4%	6.0%
Education[7]	139,116	143,824	-3.3%	127,465	123,659	3.1%	3.7%
Other	**815,174**	**877,942**	**-7.1%**	**245,972**	**242,388**	**1.5%**	**7.1%**
Total portfolio				**3,469,495**	**3,247,326**	**6.8%**	**100.0%**

Listed businesses (18.5% of total portfolio value)

BOG (18.5% of total portfolio value) – In 3Q21, BoG managed to deliver an annualised ROAE of 25.7% and 14.3% loan book growth y-o-y. A robust loan book growth was largely driven by continued strong loan origination levels in all segments, but predominantly in the consumer, micro and SME portfolios. Reflecting the accelerated trend of economic recovery in 3Q21, BOG's share price increased by 15.6% to GBP 15.54 at 30-Sep-21 and, as a result, the market value of our equity stake in BOG increased by GEL 66.2 million to GEL 641.6 million. Supported by strong operating performance, robust asset quality and capital adequacy position, the Bank's Board has decided to restore the payment of dividends to shareholders and has declared an interim dividend of GEL 1.48 per ordinary share in respect of the period ended 30 June 2021. Consequently, GCAP received GEL 14.5 million dividends from BOG in 4Q21. BoG's public announcement of their 3Q21 results is available at: https://www.bankofgeorgiagroup.com/results/earnings.

Private large portfolio companies (64.7% of total portfolio value)[8]

In 3Q21, our private large portfolio companies were valued internally by incorporating 3Q21 results, in line with International Private Equity Valuation ("IPEV") guidelines and methodology deployed in 1H21 by an independent valuation company, hired to provide additional transparency to our private portfolio valuation [9]. The independent valuation assessments, which served as the basis for Georgia Capital's estimate of the fair value, were performed by applying a combination of an income approach

[4] 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.
[5] 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.
[6] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[7] Enterprise value is presented excluding non-operational assets, added to the equity value of the education business at cost.
[8] Please read more about valuation methodology on pages 26 in "Basis of presentation".
[9] Please refer to Georgia Capital PLC 2Q21 and 1H21 results for more details.

(DCF) and a market approach (listed peer multiples and, in some cases, precedent transactions). The independent valuations of the large portfolio companies are performed on a semi-annual basis. In line with our strategy, from time to time, we may receive offers from interested buyers for our private portfolio companies, which would be considered in the overall valuation assessment, where appropriate.

Healthcare Services (20.9 % of total portfolio value) – Healthcare Services Enterprise Value (EV) increased by GEL 43.1 million to GEL 1,007.1 million in 3Q21, reflecting a continuing rebound in regular elective care and outpatient services. Consequently, admissions at hospitals and clinics increased by 105.1% and 81.1% y-o-y, respectively, in 3Q21, which, along with the solid performance of the diagnostics business, led to a 48.0% y-o-y growth in 3Q21 revenues. EBITDA (excl. IFRS 16) increased by 27.7% y-o-y in 3Q21. See page 13 for details. LTM EBITDA (incl. IFRS 16)[10] increased by 5.8% to GEL 95.9 million in 3Q21. Net debt (incl. financial lease liabilities) has remained largely flat in 3Q21 (up 2.1% q-o-q to GEL 245.6 million). The business paid GEL 11.5 million dividends in 3Q21. As a result, the equity value of the business was assessed at GEL 724.0 million, up 5.6% in 3Q21, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 10.5x at 30-Sep-21 (10.6x at 30-Jun-21).

Retail (pharmacy) (17.8% of total portfolio value) – Retail (pharmacy) EV increased by GEL 38.4 million to GEL 916.4 million in 3Q21. Revenues were up by 21.1% y-o-y in 3Q21, reflecting a launch of new pharmacies, organic sales growth and increased revenue from wholesale as a result of winning several state tenders. EBITDA (excl. IFRS 16) was up 24.7% y-o-y in 3Q21. See page 15 for details. Consequently, LTM EBITDA (incl. IFRS 16) was up 5.5% to GEL 99.6 million in 3Q21. Net debt (incl. financial lease liabilities) was down by 2.9% q-o-q to GEL 134.9 million. The business paid GEL 11.5 million dividends in 3Q21. The result was GEL 48.7 million value creation, and the equity value of GCAP's 67% holding as of 30 September 2021 increased by 6.4% to GEL 617.6 million in 3Q21. The implied LTM EV/EBITDA valuation multiple was 9.2x, including the impact of IFRS 16 (down from 9.3x as of 30-Jun-21).

Water Utility (17.9% of total portfolio value) – Water Utility EV increased by GEL 45.5 million to GEL 1,057.0 million in 3Q21. Revised water utility tariffs effective from January 2021 and increased water consumption levels by corporate clients led to a 54.9% y-o-y increase in water supply revenue. Similarly, revenue from electricity sales increased in 3Q21, up 108.9% y-o-y, reflecting high water volume in Zhinvali reservoir due to favourable hydrological conditions throughout the year. As a result, the total revenue of the water utility business increased by 58.2% y-o-y in 3Q21, leading to a 94.6% increase in EBITDA. See page 17 for details. LTM Adjusted EBITDA, used in Water Utility's multiple-based and DCF valuation, amounted to GEL 117.4 million as at 30-Sep-21 (up 8.5% q-o-q). LTM Adjusted EBITDA combines Water Utility's actual performance in 9M21 and the retrospective application of new tariffs on the 4Q20 numbers. Net debt decreased by 5.6% to GEL 437.3 million in 3Q21, mainly reflecting an increased cash balance on the back of the strong revenue generation of the business. As a result, the equity value of Water Utility was assessed at GEL 619.7 million at 30-Sep-21, up by 13.0% in 3Q21, translating into the implied LTM EV/EBITDA multiple of 9.0x at 30-Sep-21 (down from 9.3x at 30-Jun-21).

Insurance (P&C and Medical) (8.2% of total portfolio value) – The insurance business combines: a) P&C Insurance valued at GEL 216.4 million and b) Medical Insurance valued at GEL 67.5 million.
<u>P&C Insurance</u> – Net premiums earned increased by 23.7% y-o-y to GEL 22.6 million in 3Q21, mainly reflecting the growth in the motor insurance line on the back of a boost in the retail client portfolio. The combined ratio was down 5.4%, mainly reflecting a 7.0% decrease in the expense ratio. Consequently, net income in 3Q21 was up by 22.2% y-o-y to GEL 4.7 million. See page 18 for details. LTM net income[11] increased by 4.9% to GEL 18.0 million in 3Q21, and the equity value of P&C insurance business was assessed at GEL 216.4 million at 30-Sep-21 (up 4.9% q-o-q). The implied LTM P/E valuation multiple remained unchanged at 12.0x in 3Q21.
<u>Medical Insurance</u> – Net premiums earned increased by 11.7% y-o-y to GEL 18.9 million in 3Q21, predominantly driven by an increase in the prices of insurance policies. The net claims expenses were also up by 11.1% in 3Q21, in line with the rebounding trend of elective healthcare services. As a result, the net income of the medical insurance business was up 19.3% y-o-y in 3Q21. See page 18 for details. LTM net income increased by 5.5% to GEL 5.5 million in 3Q21, and the equity value of the business was assessed at GEL 67.5 million at 30-Sep-21 (up 5.5% q-o-q). The implied LTM P/E valuation multiple remained unchanged at 12.3x in 3Q21.

<u>Private investment stage businesses (9.7% of total portfolio value)</u>

Renewable Energy (6.0% of total portfolio value) – The business is valued internally, based on a sum of the parts (EV/EBITDA and acquisition price). Enterprise value was down 3.7% to GEL 488.3 million in 3Q21. Revenues were down 15.7% y-o-y in 3Q21, reflecting lower electricity generation levels at the power assets, which translated into decreased LTM EBITDA earnings. Decrease in generation levels is mainly attributable to a) lower generation levels at Qartli Wind Farm in 3Q21, compared to the extraordinarily high generation levels in the corresponding 2020 period, and b) lower generation levels at Mestiachala and Hydrolea HPPs due to the unfavourable hydrological conditions during the quarter. See page 20 for details. The business paid

[10] adjusted to exclude HTMC hospital, sold in August 2020.
[11] Adjusted for non-recurring items.

GEL 5.0 million dividends in 3Q21. In addition, GCAP invested GEL 0.8 million in pipeline renewable energy projects, which along with Mestiachala HPPs, continued to be measured at an equity investment cost of GEL 108.0 million in aggregate. Net debt decreased by GEL 6.6 million to GEL 279.2 million in 3Q21. As a result, the equity value of the business was assessed at GEL 209.1 million in 3Q21 (down by 5.4%).

Education (3.7% of total portfolio value) – The business is valued internally, based on LTM EV/EBITDA. Education EV decreased by GEL 4.7 million to GEL 139.1[12] million in 3Q21. Revenues were up by 6.5% y-o-y while the EBITDA was down 28.2% y-o-y in 3Q21, reflecting the decreased number of academic days as the schools modified the academic calendar. In 3Q21, GCAP invested GEL 5.4 million for the development of affordable and mid-scale education segments. See page 22 for details. The slow 3Q21 led to a decrease in LTM EBITDA of 3.3% to GEL 11.1 million. Net debt was down by GEL 2.7 million to GEL 8.8 million in 3Q21. As a result, the education business was valued at GEL 127.5 million in 3Q21 (up 3.1% q-o-q). The valuation multiple remained unchanged at 12.5x in 3Q21.

Other businesses (7.1% of total portfolio value) - The "other" private portfolio (Housing Development, Hospitality and Commercial Real Estate, Beverages, Auto Service and Digital Services) is valued internally, based on LTM EV/EBITDA in most cases other than our real estate development (DCF) and hospitality and commercial real estate businesses (NAV). See performance highlights of other businesses on page 23. The portfolio had a combined value of GEL 246.0 million at 30-Sep-21, up by 1.5% in 3Q21. The value creation was GEL 2.7 million in 3Q21, where the growth of GEL 7.1 million was led by operating performance-related net increase in the value of other portfolio companies and is mainly attributable to a) GEL 13.8 million value creation in our beverages and auto services businesses, and b) a GEL 5.9 million value reduction in the hospitality and commercial real estate business, reflecting decreased revenue streams and GEL 2.3 million one-off transaction fees associated with the divestment of a significant portion of commercial real estate assets. The increase was offset by negative GEL 4.0 million net impact from movements in valuation multiples and foreign currency exchange rates, reflecting a) GEL 1.7 million positive impact of GEL appreciation on the net debt of our auto services business, b) GEL 5.0 million value reduction from the net impact of negative movements in valuation multiples and foreign currency exchange rates in beer and distribution business, and c) GEL 1.5 million value reduction led by the impact of GEL's appreciation on our housing development and hospitality and commercial real estate businesses, as their fair values are assessed in US Dollar terms.

2) Investments[13]

In 3Q21, GCAP invested GEL 6.5 million predominantly in the investment stage businesses, in line with our announced capital allocation programme.

- GEL 0.8 million was allocated to Renewable Energy for the development of the pipeline HPPs and wind farm projects.
- GEL 5.4 million was allocated to the education business for the acquisition of an 81%[14] equity interest in Georgian-Austrian School Pesvebi (GEL 3.9 million), development of land and building of new campus location and capacity expansion of the existing campus of Green School (affordable segment, GEL 0.7 million), and capacity expansion of the existing campus of Buckswood (mid-scale segment, GEL 0.8 million).

3) Buybacks

Since the announcement of the US$ 10 million share buyback and cancellation programme in August 2021, we repurchased 643,582 shares with a total value of US$ 5.4 million (354,000 shares were repurchased in 3Q21 and 289,582 shares in 4Q21 as of 12 November 2021).

4) Dividends[13]

In 3Q21, Georgia Capital received GEL 30.0 million dividends in aggregate from the private portfolio companies, of which:

- GEL 11.5 million was collected from Healthcare Services,
- GEL 11.5 million was collected from Retail (Pharmacy),
- GEL 2.0 million was collected from Medical Insurance,
- GEL 5.0 million was collected from Renewable Energy.

[12] Excluding non-operational assets, added to the equity value of the education business at cost.
[13] Investments are made and dividends are received at JSC Georgia Capital level, the Georgian holding company.
[14] Georgia Capital has a call option on the 9% equity stake during the 12 months starting from August 2022.

Net debt overview

Below we describe the components of net debt as of 30 September 2021 and as of 30 June 2021:

GEL '000, unless otherwise noted	30-Sep-21	30-Jun-21	Change
Cash at banks	135,928	190,039	-28.5%
Internationally listed debt securities	113,090	89,595	26.2%
Locally listed debt securities	7,170	4,263	68.2%
Loans issued	158,742	158,191	0.3%
Total cash and liquid funds (a)	**414,930**	**442,088**	**-6.1%**
Gross debt (b)	**(1,127,051)**	**(1,156,153)**	**-2.5%**
Net debt (a)+(b)	**(712,121)**	**(714,065)**	**-0.3%**

Cash and liquid funds. Total cash and liquid funds were down 6.1% q-o-q to GEL 414.9 million in 3Q21. A 28.5% decrease in cash balance mainly reflects the positive impact of dividend and interest receipt of GEL 30 million and GEL 3.1 million, respectively, during 3Q21, which was offset by a) increased investments in international and local debt securities (up by GEL 26.4 million in aggregate), where internationally listed debt securities mostly include dollar-denominated Eurobonds issued by Georgian corporates, b) GEL 34.8 million coupon payment in 3Q21, and c) GEL 9.4 million deployed for buybacks in line with the ongoing US$ 10 million share buyback and cancellation programme. The balance of loans issued to our private portfolio companies remained flat and amounted to GEL 158.7 million as at 30-Sep-21 (up 0.3% q-o-q).

Gross debt. At 30-Sep-21, the outstanding balance of US$ 365 million six-year Eurobonds due in March 2024 was GEL 1,127.1 million (down 2.5% q-o-q). Gross debt reduction was driven by foreign exchange gain of GEL 13.7[15] million from GEL appreciation against US$ and GEL 34.8 million coupon payment during the third quarter, which was partially offset by a GEL 19.5[15] million coupon accrual.

Net debt. Net debt remained largely flat at GEL 712.1 million in 3Q21 (down 0.3% q-o-q), reflecting a) investments of GEL 6.5 million, b) share buybacks of GEL 9.4 million, c) GCAP cash operating expenses of GEL 5.1 million, and d) net interest expense and fair value gains on liquid funds, in aggregate, of GEL 13.8 million. The impact was almost fully offset by GEL 30.0 million dividends received from private portfolio companies and foreign exchange gain of GEL 7.9 million in 3Q21.

9M21 NAV STATEMENT HIGHLIGHTS[16]

GEL '000, unless otherwise noted	Dec-20	1. Value creation[17]	2a. Investment	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Sep-21	Change %
Total Listed Portfolio Value	**531,558**	**110,082**	**-**	**-**	**-**	**-**	**-**	**641,640**	**20.7%**
Listed Portfolio value change %		***20.7%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***20.7%***	
Total Private Portfolio Value	**2,376,130**	**474,998**	**17,130**	**-**	**(44,430)**	**-**	**4,027**	**2,827,855**	**19.0%**
Of which, Large Companies	1,858,237	415,349	-	-	(29,959)	-	1,657	2,245,284	20.8%
Of which, Investment Stage Companies	302,964	30,715	16,515	-	(14,471)	-	876	336,599	11.1%
Of which, Other Companies	214,929	28,934	615	-	-	-	1,494	245,972	14.4%
Private Portfolio value change %		***20.0%***	***0.7%***	***0.0%***	***-1.9%***	***0.0%***	***0.2%***	***19.0%***	
Total Portfolio Value (1)	**2,907,688**	**585,080**	**17,130**	**-**	**(44,430)**	**-**	**4,027**	**3,469,495**	**19.3%**
Total Portfolio value change %		***20.1%***	***0.6%***	***0.0%***	***-1.5%***	***0.0%***	***0.1%***	***19.3%***	
Net Debt (2)	**(697,999)**	**-**	**(17,130)**	**(12,534)**	**44,430**	**(15,934)**	**(12,954)**	**(712,121)**	**2.0%**
Net Asset Value (1)+(2)+(3)	**2,212,292**	**585,080**	**-**	**(12,534)**	**-**	**(26,984)**	**4,990**	**2,762,844**	**24.9%**
NAV change %		***26.4%***	***0.0%***	***-0.6%***	***0.0%***	***-1.2%***	***0.2%***	***24.9%***	
Shares outstanding[17]	45,977,247	-	-	(473,162)	-	-	717,859	46,221,944	0.5%
Net Asset Value per share, GEL	**48.12**	**12.72**	**(0.00)**	**0.22**	**(0.00)**	**(0.59)**	**(0.70)**	**59.77**	**24.2%**
NAV per share, GEL change %		***26.4%***	***0.0%***	***0.5%***	***0.0%***	***-1.2%***	***-1.4%***	***24.2%***	

In 9M21, NAV per share (GEL) increased by 24.2%, reflecting a) GEL 475.0 million value creation across our private portfolio companies with a positive 21.5 ppts impact, b) GEL 110.1 million value creation in our listed asset, BoG, with a positive 4.9 ppts impact, c) GEL's appreciation against US$ by 4.9%, resulting in a foreign currency gain of GEL 34.5 million on GCAP net debt (+1.6 ppts impact) and d) share buybacks - in line with the ongoing US$ 10 million share buyback and cancellation programme (+0.5 ppts impact). The NAV per share growth was slightly offset by management platform related costs (-1.2 ppts impact), and net interest expense (-1.8 ppts impact).

The value creation in our private portfolio was the largest contributor to the NAV per share growth in 9M21:

[15] FX, coupon payment and coupon accrual are included in Liquidity Management /FX/Other column in NAV statement.
[16] The detailed 9M21 NAV statement is included in appendix on page 25.
[17] Please see definition in glossary on page 26.

- The outstanding performance of our large portfolio companies translated into a GEL 415.3 million value creation and an 18.8 ppts NAV per share growth, where water utility, healthcare services, and retail (pharmacy) businesses contributed to the growth by 6.7 ppts, 7.4 ppts and 3.4 ppts, respectively, during 9M21 (+17.5 ppts impact in aggregate).
- Value creation of GEL 30.7 million in the investment stage portfolio companies contributed 1.4 ppts to the NAV per share growth.
- GEL 28.9 million value was created in our other portfolio companies, leading to a 1.3 ppts positive impact on the NAV per share.

Portfolio overview

Our portfolio value increased by 19.3% to GEL 3.47 billion in 9M21, reflecting a 19.0% and 20.7% growth in the value of private and listed businesses, respectively. The private portfolio value growth of GEL 451.7 million mainly reflects the net impact of a) GEL 475.0 million value creation, b) investments of GEL 17.1 million predominantly in Education and Renewable Energy, and c) a decrease of GEL 44.4 million due to dividends received from the private portfolio companies at the GCAP level.

1) Value creation

BoG share price during 9M21 increased 27.4%, strongly supporting NAV growth with GEL 110.1 million value creation. The value creation of GEL 475.0 million on the private portfolio mainly reflects a) a GEL 628.5 million operating performance-related increase in the value of our private assets, partly supported by the strength of the Georgian economy throughout the year, and b) a GEL 155.5 million negative impact from changes in valuation multiples and foreign currency exchange rates.

The table below summarises value creation drivers in our businesses in 9M21:

Portfolio Businesses	Operating Performance[18]	Greenfields / buy-outs[19]	Multiple Change and FX[20]	Value Creation
GEL '000, unless otherwise noted	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed				**110,082**
BoG				110,082
Private	**628,477**	**1,978**	**(155,457)**	**474,998**
Large Portfolio Companies	**562,739**	**-**	**(147,390)**	**415,349**
Healthcare Services	*329,222*	-	*(165,364)*	*163,858*
Retail (pharmacy)	*58,719*	-	*17,622*	*76,341*
Water Utility	*167,957*	-	*(20,600)*	*147,357*
Insurance (P&C and Medical)	*6,841*	-	*20,952*	*27,793*
Of which, P&C Insurance	*16,346*	-	*6,821*	*23,167*
Of which, Medical Insurance	*(9,505)*	-	*14,131*	*4,626*
Investment Stage Portfolio Companies	**22,477**	**2,593**	**5,645**	**30,715**
Renewable Energy	*6,893*	*1,578*	*632*	*9,103*
Education	*15,584*	*1,015*	*5,013*	*21,612*
Other	**43,261**	**(615)**	**(13,712)**	**28,934**
Total portfolio	**628,477**	**1,978**	**(155,457)**	**585,080**

Enterprise value and equity value development of our businesses in 9M21 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted	30-Sep-21	31-Dec-20	Change %	30-Sep-21	31-Dec-20	Change %	% Share in total portfolio
Listed portfolio				**641,640**	**531,558**	**20.7%**	**18.5%**
BoG				641,640	531,558	20.7%	18.5%
Private portfolio	**4,686,515**	**4,333,143**	**8.2%**	**2,827,855**	**2,376,130**	**19.0%**	**81.5%**
Large portfolio companies	**3,243,902**	**2,846,664**	**14.0%**	**2,245,284**	**1,858,237**	**20.8%**	**64.7%**
Healthcare Services	1,007,139	836,918	20.3%	723,969	571,656	26.6%	20.9%
Retail (pharmacy)	916,449	835,876	9.6%	617,626	552,745	11.7%	17.8%
Water Utility	1,057,001	930,892	13.5%	619,739	471,148	31.5%	17.9%
Insurance (P&C and Medical)	263,313	242,978	8.4%	283,950	262,688	8.1%	8.2%
Of which, P&C Insurance	216,435	197,806	9.4%	216,435	197,806	9.4%	6.2%
Of which, Medical Insurance	46,878	45,172	3.8%	67,515	64,882	4.1%	1.9%
Investment stage portfolio companies	**627,439**	**608,298**	**3.1%**	**336,599**	**302,964**	**11.1%**	**9.7%**
Renewable Energy	488,323	489,269	-0.2%	209,134	209,902	-0.4%	6.0%
Education[21]	139,116	119,029	16.9%	127,465	93,062	37.0%	3.7%
Other	**815,174**	**878,181**	**-7.2%**	**245,972**	**214,929**	**14.4%**	**7.1%**
Total portfolio				**3,469,495**	**2,907,688**	**19.3%**	**100.0%**

[18] Change in the fair value attributable to the change in actual or expected earnings of the business, as well as the change in net debt.
[19] 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.
[20] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[21] Enterprise value is presented excluding non-operational assets, added to the equity value of the education business at cost.

2) Investments[22]

In 9M21, GCAP invested GEL 17.1 million predominantly in the investment stage businesses, in line with our announced capital allocation programme.

- GEL 3.7 million was allocated to Renewable Energy for the development of pipeline HPPs (Darchi and Zoti) and wind farm projects.
- GEL 12.8 million was allocated to the education business for the capacity expansion of the existing campus of Buckswood (mid-scale segment, GEL 3.2 million), acquisition of land and building of new campus location and capacity expansion of the existing campus of Green School (affordable segment, GEL 5.7 million), and the acquisition of an 81%[23] equity interest in Georgian-Austrian School Pesvebi (GEL 3.9 million).

3) Dividends[22]

In 9M21, Georgia Capital collected GEL 44.4 million dividends, of which GEL 11.5 million was received from healthcare services, GEL 11.5 million from retail (pharmacy), GEL 5 million from P&C insurance, GEL 2 million from medical insurance, and GEL 14.5 million from the renewable energy businesses. Additionally, the Group received GEL 14.5 million interim dividends from BOG in November 2021.

Net debt overview

In March 2021, JSC Georgia Capital priced a US$ 65 million tap issue that was consolidated to form a single series with the existing US$300 million 6.125% Eurobonds. Approximately US$ 35 million from the proceeds is earmarked to fund capital allocations to the portfolio companies and the balance for general corporate purposes. Gross debt was up 14.7% to GEL 1,127.1 million in 9M21. The tap issuance also translated into improved liquidity, leading to the total cash and liquid funds being up by 46.0% to GEL 414.9 million at 30 September 2021. Overall, the net debt remained largely flat in 9M21 (up 2.0% from 31 December 2021) and was impacted by a) investments of GEL 17.1 million, b) share buybacks of GEL 12.5 million, c) GCAP cash operating expenses of GEL 15.9 million, and d) net interest expense and fair value gains on liquid funds, in aggregate, of GEL 39.2 million. The impact was offset by GEL 44.4 million dividends received from private portfolio companies and foreign exchange gain of GEL 34.5 million in 9M21.

The table below summarises components of net debt as of 30 September 2021 and as of 31 December 2020:

GEL '000, unless otherwise noted	**30-Sep-21**	**31-Dec-20**	**Change**
Cash at banks	135,928	160,536	-15.3%
Internationally listed debt securities	113,090	14,098	NMF
Locally listed debt securities	7,170	655	NMF
Loans issued	158,742	108,983	45.7%
Total Cash and liquid funds (a)	**414,930**	**284,272**	**46.0%**
Gross Debt (b)	**(1,127,051)**	**(982,271)**	**14.7%**
Net debt (a)+(b)	**(712,121)**	**(697,999)**	**2.0%**

[22] Investments are made and dividends are received at JSC Georgia Capital level, the Georgian holding company.
[23] Georgia Capital has a call option on the 9% equity stake during the 12 months starting from August 2022.

INCOME STATEMENT (ADJUSTED IFRS / APM)

Net income under IFRS was GEL 234.5 million in 3Q21 (GEL 559.7 million in 9M21). The IFRS income statement is prepared on the Georgia Capital PLC level and the results of all operations of the Georgian holding company JSC Georgia Capital are presented as one line item. As we conduct most of our operations through JSC Georgia Capital, through which we hold our portfolio companies, the IFRS results provide little transparency on the underlying trends.

Accordingly, to enable a more granular analysis of those trends, the following adjusted income statement presents the Group's results of operations for the period ending September 30 as an aggregation of (i) the results of GCAP (the two holding companies Georgia Capital PLC and JSC Georgia Capital, taken together) and (ii) the fair value change in the value of portfolio companies during the reporting period. For details on the methodology underlying the preparation of the adjusted income statement, please refer to page 97 in Georgia Capital PLC 2020 Annual report.

INCOME STATEMENT (Adjusted IFRS)

GEL '000, unless otherwise noted	3Q21	3Q20	Change	9M21	9M20	Change
Dividend income	30,000	9,972	NMF	44,430	14,899	NMF
Interest income	6,267	4,834	29.6%	16,884	16,650	1.4%
Realised / unrealised (loss) / gain on liquid funds	(547)	475	NMF	967	(4,103)	NMF
Interest expense	(19,519)	(15,762)	23.8%	(57,039)	(45,941)	24.2%
Gross operating income/(loss)	**16,201**	**(481)**	**NMF**	**5,242**	**(18,495)**	**NMF**
Operating expenses	(8,888)	(8,448)	5.2%	(26,984)	(23,027)	17.2%
GCAP net operating income/(loss)	**7,313**	**(8,929)**	**NMF**	**(21,742)**	**(41,522)**	**-47.6%**
Fair value changes of portfolio companies						
Listed portfolio companies	**66,246**	**(135,237)**	**NMF**	**110,082**	**(432,982)**	**NMF**
Of which, Georgia Healthcare Group PLC	*-*	*(100,935)*	*NMF*	*-*	*(195,347)*	*NMF*
Of which, Bank of Georgia Group PLC	*66,246*	*(34,302)*	*NMF*	*110,082*	*(237,635)*	*NMF*
Private portfolio companies	**148,385**	**577,362**	**-74.3%**	**430,568**	**387,442**	**11.1%**
Large Portfolio Companies	**160,259**	**588,020**	**-72.7%**	**385,390**	**522,404**	**-26.2%**
Of which, Healthcare Services	*38,148*	*295,641*	*-87.1%*	*152,313*	*295,641*	*-48.5%*
Of which, Retail (pharmacy)	*37,224*	*296,577*	*-87.4%*	*64,881*	*296,577*	*-78.1%*
Of which, Water Utility	*71,260*	*(27,117)*	*NMF*	*147,357*	*(73,181)*	*NMF*
Of which, Insurance (P&C and Medical)	*13,627*	*22,919*	*-40.5%*	*20,839*	*3,367*	*NMF*
Investment Stage Portfolio Companies	**(14,595)**	**16,256**	**NMF**	**16,244**	**73,323**	**-77.8%**
Of which, Renewable energy	*(13,000)*	*16,338*	*NMF*	*(5,368)*	*49,058*	*NMF*
Of which, Education	*(1,595)*	*(82)*	*NMF*	*21,612*	*24,265*	*-10.9%*
Other businesses	**2,721**	**(26,914)**	**NMF**	**28,934**	**(208,285)**	**NMF**
Total investment return	**214,631**	**442,125**	**-51.5%**	**540,650**	**(45,540)**	**NMF**
Income/(Loss) before foreign exchange movements and non-recurring expenses	**221,944**	**433,196**	**-48.8%**	**518,908**	**(87,062)**	**NMF**
Net foreign currency gain/(loss)	7,935	(35,164)	NMF	34,484	(76,526)	NMF
Non-recurring expenses	(27)	-	NMF	(245)	(3,222)	-92.4%
Net Income/(loss)	**229,852**	**398,032**	**-42.3%**	**553,147**	**(166,810)**	**NMF**

The gross operating income was GEL 16.2 million in 3Q21 (up from negative GEL 0.5 million in 3Q20) and up by GEL 23.7 million y-o-y to GEL 5.2 million in 9M21 (from negative 18.5 million in 9M20). The improvement was mainly driven by increased dividend inflows from the portfolio companies. The dividend income by businesses is presented in the table below:

GEL '000, unless otherwise noted	3Q21	3Q20	Change	9M21	9M20	Change
Healthcare Services	11,545	-	NMF	11,545	-	NMF
Retail (Pharmacy)	11,460	-	NMF	11,460	-	NMF
Water Utility	-	5,000	NMF	-	5,000	NMF
P&C Insurance	-	4,972	NMF	4,959	4,972	-0.3%
Medical Insurance	1,995	-	NMF	1,995	-	NMF
Renewable Energy	5,000	-	NMF	14,471	4,927	193.7%
Total dividend income	**30,000**	**9,972**	**200.8%**	**44,430**	**14,899**	**198.2%**

Interest income was up 29.6% y-o-y to GEL 6.3 million in 3Q21 and up 1.4% y-o-y in 9M21 to GEL 16.9 million. GCAP earned an average yield of 5.4% on the average balance of liquid assets and issued loans of GEL 355.5 million in 9M21 (7.1% on GEL 301.5 million in 9M20). The Eurobond tap issuance of $65 million on 16-Mar-21 led to an increase in interest expense, up 23.8% and 24.2% y-o-y in 3Q21 and 9M21, respectively. As a result, net interest expense was GEL 13.3 million and GEL 40.2 million in 3Q21 and 9M21 at the GCAP level, respectively (GEL 10.9 million in 3Q20 and GEL 29.3 million in 9M20).

GEL '000, unless otherwise noted	3Q21	3Q20	Change	9M21	9M20	Change
Administrative expenses[24]	(2,613)	(2,634)	-0.7%	(8,453)	(7,543)	12.1%
Management expenses - cash-based[25]	(2,484)	(2,607)	-4.7%	(7,481)	(6,009)	24.5%
Management expenses - share-based[26]	(3,791)	(3,207)	18.2%	(11,050)	(9,475)	16.6%
Total operating expenses	**(8,888)**	**(8,448)**	**5.2%**	**(26,984)**	**(23,027)**	**17.2%**
Of which, fund type expense[27]	(2,947)	(2,594)	13.6%	(9,340)	(7,117)	31.2%
Of which, management fee[28]	(5,941)	(5,854)	1.5%	(17,644)	(15,910)	10.9%

GCAP management fee expenses have a self-targeted cap of 2% of Georgia Capital's market capitalisation. The LTM management fee expense ratio was 1.96% at 30-Sep-21 (2.3%[29] as of 30-Sep-20). The total LTM operating expense ratio (which includes fund type expenses) was 3.0% at 30-Sep-21 (3.2%[29] at 30-Sep-20). The components of GCAP's operating expenses are presented in the table above.

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total investment return was GEL 214.6 million in 3Q21 and GEL 540.7 million in 9M21, reflecting the growth in the value of listed and private businesses, as described earlier in this report. We discuss valuation drivers for our businesses on pages 5-7. The performance of each of our private, large and investment stage portfolio companies is discussed on pages 13-23.

The Group's *net income* (adjusted IFRS) also reflects the impact of GEL's appreciation against the US dollar on GCAP's net foreign currency liability balance amounting to c. US$ 240 million (GEL 750 million) at 30-Sep-21. Net foreign currency gain was GEL 7.9 million and GEL 34.5 million, respectively, in 3Q21 and 9M21. As a result of the movements described above, GCAP's adjusted IFRS *net income* was GEL 229.8 million in 3Q21 and GEL 553.1 million in 9M21.

[24] Includes expenses such as external audit fees, legal counsel, corporate secretary and other similar administrative costs.
[25] Cash-based management expenses are cash salary and cash bonuses paid/accrued for staff and management compensation.
[26] Share-based management expenses are share salary and share bonus expenses of management and staff.
[27] Fund type expenses include expenses such as audit and valuation fees, fees for legal advisors, Board compensation and corporate secretary costs.
[28] Management fee is the sum of cash-based and share-based operating expenses (excluding fund-type costs).
[29] The management fee and total operating expense ratio in 9M20 was calculated based on average market capitalization during the period. 9M21 ratio is calculated based on period-end market capitalization due to significant price fluctuations during the last twelve months.

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

The following sections present the IFRS results and business development derived from the individual portfolio company's IFRS accounts for large and investment stage entities, where 3Q21, 3Q20, 9M21 and 9M20 portfolio company's accounts and respective IFRS numbers are unaudited. We present key IFRS financial highlights, operating metrics and ratios along with the commentary explaining the developments behind the numbers. For the majority of our portfolio companies the fair value of our equity investment is determined by the application of an income approach (DCF) and a market approach (listed peer multiples and precedent transactions). Under the discounted cash flow (DCF) valuation method, fair value is estimated by deriving the present value of the business using reasonable assumptions of expected future cash flows and the terminal value, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the business. Under the market approach, listed peer group earnings multiples are applied to the trailing twelve months (LTM) stand-alone IFRS earnings of the relevant business. As such, the stand-alone IFRS results and developments driving the IFRS earnings of our portfolio companies are key drivers of their valuations within GCAP's financial statements. See "Basis of Presentation" on page 26 for more background.

LARGE PORTFOLIO COMPANIES

Discussion of Healthcare Services Business Results

Healthcare Services business, where GCAP owns 100% equity interests through GHG, is the largest healthcare market participant in Georgia, accounting for 20% of the country's total hospital bed capacity as of 30-Sep-21. Healthcare services business comprises three segments: 1) Hospitals (17 referral hospitals with a total of 2,596 beds) providing secondary and tertiary level healthcare services; 2) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient services) and 15 polyclinics (providing outpatient diagnostic and treatment services); 3) Diagnostics, operating the largest laboratory in the entire Caucasus region - "Mega Lab".

3Q21 & 9M21 performance (GEL '000), Healthcare Services[30,31]

INCOME STATEMENT HIGHLIGHTS	3Q21	3Q20	Change	9M21	9M20	Change
Revenue, net[32]	**104,932**	**70,876**	**48.0%**	**295,669**	**198,950**	**48.6%**
Gross Profit	**42,082**	**31,583**	**33.2%**	**124,564**	**80,674**	**54.4%**
Gross profit margin	*39.6%*	*44.3%*	*-4.7 ppts*	*41.7%*	*40.2%*	*1.5 ppts*
Operating expenses (ex. IFRS 16)	(18,086)	(12,794)	41.4%	(51,272)	(39,528)	29.7%
EBITDA (ex. IFRS 16)	**23,996**	**18,789**	**27.7%**	**73,292**	**41,146**	**78.1%**
EBITDA margin (ex. IFRS 16)	*22.6%*	*26.3%*	*-3.7 ppts*	*24.5%*	*20.5%*	*4.0 ppts*
Net profit/(loss) (ex. IFRS 16)	**7,913**	**(3,320)**	**NMF**	**29,380**	**(14,875)**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**30,773**	**21,287**	**44.6%**	**53,653**	**73,022**	**-26.5%**
EBITDA to cash conversion (ex. IFRS 16)	*128.2%*	*113.3%*	*14.9 ppts*	*73.2%*	*177.5%*	*-104.3 ppts*
Cash flow from/used in investing activities[33]	**(13,275)**	**29,048**	**NMF**	**(33,139)**	**11,144**	**NMF**
Dividends and intersegment loans issued/received	**12,570**	**7,869**	**59.7%**	**24,540**	**6,583**	**NMF**
Free cash flow (ex. IFRS 16)[34]	**16,469**	**49,848**	**-67.0%**	**18,387**	**83,557**	**-78.0%**
Cash flow from financing activities (ex. IFRS 16)	**(46,163)**	**(2,376)**	**NMF**	**(85,550)**	**(3,026)**	**NMF**

BALANCE SHEET HIGHLIGHTS	30-Sep-21	30-Jun-21	Change	31-Dec-20	Change
Total assets	**907,286**	**911,647**	**-0.5%**	**899,391**	**0.9%**
Of which, cash balance and bank deposits	51,471	67,927	-24.2%	93,721	-45.1%
Of which, securities and loans issued	4,128	6,629	-37.7%	7,133	-42.1%
Total liabilities	**503,077**	**497,289**	**1.2%**	**510,079**	**-1.4%**
Of which, borrowings	280,052	289,646	-3.3%	312,036	-10.3%
Total equity	**404,209**	**414,358**	**-2.4%**	**389,312**	**3.8%**

KEY POINTS / VALUATION DRIVERS

- The number of admissions up 105.1% and 81.1% y-o-y in 3Q21 (up 80.4% and 71.4% y-o-y in 9M21) at hospitals and clinics, respectively, reflecting the increased demand for regular elective care and outpatient services
- Revenues up 48.0% in 3Q21 y-o-y (up 53.0% over 3Q19); up 48.6% in 9M21, y-o-y (up 36.8% over 9M19)
- Strong revenue trend combined with a well-controlled operating cost base translated into EBITDA (excl. IFRS 16) growth, up 27.7% in 3Q21 and up 78.1% in 9M21 y-o-y, with an EBITDA margin of 22.6% and 24.5%, respectively
- Gross profit and EBITDA margins (excl. IFRS 16) were down by 4.7 ppts and 3.7 ppts y-o-y, respectively, in 3Q21, reflecting the expiration of a 6-months state income tax subsidy for low salary range employees, effective during May 2020 - June

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[30] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[31] All numbers in income statement and cash flow statement are adjusted to exclude HTMC hospital, sold in August 2020.
[32]Net revenue – Gross revenue excluding corrections and rebates. Margins are calculated from Gross revenue.
[33] Of which - capex of GEL 8.5 million in 3Q21 (GEL 3.8 million in 3Q20) and GEL 23.2 million in 9M21 (GEL 16.4 million in 9M20); acquisition of subsidiaries / payment of holdback of GEL 5.8 million in 3Q21 (GEL 0.5 million in 3Q20) and GEL 12.1 million in 9M21 (GEL 5.9 million in 9M20); net proceeds on sale of subsidiaries of GEL 32.8 in 3Q20 (sale of HTMC hospital – sold in August 2020).
[34] Operating cash flows less capex, less acquisition of subsidiaries / payment of holdback, plus net proceeds on sale of subsidiaries.

2021. Adjusted to exclude the impact of the subsidy, the gross profit and EBITDA margins (excl. IFRS 16) were down by 1.3 ppts and 0.4 ppts y-o-y, respectively, in 3Q21.

- Increased working capital investments in 1H21 due to the robust revenue growth of the business led to a rebound in operating cash (excl. IFRS 16) in 3Q21, up 44.6% y-o-y translating into 128.2% EBITDA to cash conversion rate (excl. IFRS 16)
- GEL 11.5 million dividends[35] paid in 3Q21, leading to a slight increase in the net debt position (up 4.4% q-o-q to GEL 224.5 million as of 30-Sep-21)

INCOME STATEMENT HIGHLIGHTS

The healthcare services business continues to be actively engaged in supporting the COVID-19 pandemic response in the country. Currently, 9 of our hospitals and 12 of our clinics continue receiving COVID patients, with a total aggregate number of c.1,100 beds across the country. The Government of Georgia fully reimburses costs associated with COVID-19 treatments and pays a fixed fee amount per bed designated for COVID patients. A growing number of admissions for regular elective care and outpatient services, along with COVID-19 treatments, contributed to robust revenue growth in 3Q21 and 9M21, outpacing even 2019 numbers.

- At our hospitals, the occupancy rate was up by 17.6 ppts to 67.7% in 3Q21 and up by 12.5 ppts to 63.8% in 9M21 y-o-y. Increased demand for elective and outpatient services also increased the number of admissions to hospitals by 105.1% in 3Q21 and by 80.4% in 9M21 y-o-y. These trends translated into hospitals y-o-y net revenue growth of 40.4% for the quarter and 41.7% for the nine months. Revenue was up 40.0% in 3Q21 compared to 3Q19 and up 26.9% in 9M21 compared to 9M19.
- At our clinics, similarly, the number of admissions was up by 81.1% in 3Q21 and up by 71.4% in 9M21 y-o-y. The number of registered patients in Tbilisi increased by c.39,000 y-o-y to c.251,000 in 3Q21 and by c.82,000 y-o-y to c.579,000 in 3Q21 across the country. This translated into clinics' y-o-y net revenue growth of 56.0% in 3Q21 and 52.3% in 9M21. Clinics also significantly outperformed against 2019 performance, with revenues being up 73.1% in 3Q21 compared to 3Q19 and up 55.0% in 9M21 compared to 9M19.
- The diagnostics segment, which, apart from regular diagnostics services, is also engaged in COVID-19 testing, increased its revenue by 167.4% y-o-y in 3Q21 to GEL 8.8 million and by 226.4% y-o-y in 9M21, reaching GEL 22.0 million. Approximately half of diagnostics revenue relates to COVID-19 testing and another half to regular lab tests.

The developments described above translated into strong y-o-y net revenue growth of 48.0% in 3Q21 and 48.6% in 9M21 from healthcare services (up 53.0% in 3Q21 compared to 3Q19; up 36.8% in 9M21 compared to 9M19).

The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates[36]. The materials rate increased in 2021 (up 5.7 ppts and 3.3 ppts at hospitals and up 4.1 ppts and 3.4 ppts at clinics, y-o-y in 3Q21 and 9M21, respectively), reflecting local currency exchange rate depreciation in previous consecutive quarters, when inventory was purchased, as well as increased prices and consumption of medical disposables and personal protective equipment at healthcare facilities due to the COVID-19 driven supply shortage. In 3Q21, the direct salary rate remained well-controlled at hospitals (down 1.8 ppts y-o-y) and clinics (stable y-o-y). Overall, for the 9M21, the direct salary rate showed a positive trend, being down by 4.7 ppts at hospitals and 3.7 ppts at clinics, y-o-y. The cost of utilities was up 62.8% in 3Q21 and 48.1% in 9M21, y-o-y as a result of increased tariffs on water, gas and electricity, effective since January 2021. As a result, the healthcare services business posted a 39.6% gross margin in 3Q21 and 41.7% 9M21, down 4.7 ppts and up 1.5 ppts y-o-y, respectively. The decrease in margins was partially driven by the expiration of a 6-months state income tax subsidy for low salary range employees, which was effective from May 2020 till June 2021. Adjusted for the impact of state income tax subsidy, the gross profit margin was down only by 1.3 ppts in 3Q21 and up by 3.5 ppts in 9M21, y-o-y.

The expiration of a state income tax subsidy, increased cost of materials and utilities affected the third-quarter results, and the business posted negative operating leverage of 8.2 ppts. However, the strong revenue trend combined with a well-controlled operating cost base for the year translated into positive operating leverage of 24.7 ppts in 9M21. These led to 27.7% and 78.1% y-o-y growth in 3Q21 and 9M21 EBITDA excluding IFRS 16, respectively. EBITDA margin (excl. IFRS 16) was down 3.7 ppts and up 4.0 ppts y-o-y, in 3Q21 and 9M21, respectively. Adjusted for the state subsidy impact, EBITDA margin (excl. IFRS 16) is down by 0.4 ppts y-o-y in 3Q21 and up 6.0 ppts y-o-y in 9M21. In 9M21 the EBITDA margin (excl. IFRS 16) at hospitals was 24.2% (up 3.6 ppts y-o-y), at clinics 20.9% (up 1.8 ppts y-o-y) and at diagnostics 26.2% (up 17.4 ppts y-o-y).

To curb the inflation pressure, the National Bank of Georgia continues tightening the monetary policy, with the refinancing rate being up 2.0 ppts in the last twelve months. Despite the increase in the refinancing rate, in 3Q21 net interest expense

[35] In September 2021, Georgia Healthcare Group paid GEL 25 million dividends to GCAP, which is reflected solely in the cash flow of the healthcare services business at GHG level. At GCAP level, dividends collected from GHG were allocated across all three GHG businesses, Healthcare Services (GEL 11.5 million), Retail (Pharmacy) (GEL 11.5 million) and Medical Insurance (GEL 2 million).

[36] The respective costs divided by gross revenues.

(excl. IFRS 16) was down 6.5% y-o-y to GEL 5.8 million (down 26.0% y-o-y to GEL 16.5 million in 9M21), reflecting the low level of net debt position of the business throughout the year. In September 2021, the hospitals business prepaid one of its IFI borrowings, which translated into an associated one-off expense of GEL 1.8 million for the quarter, affecting the non-recurring items (GEL 2.2 million in 3Q21 and GEL 5.1 million in 9M21).

Overall, in 3Q21, the business posted GEL 7.9 million net profit excluding IFRS 16, compared to GEL 3.3 million net loss posted in 3Q20. 9M21 net profit (excl. IFRS 16) reached GEL 29.4 million, compared to GEL 14.9 million net loss reported in 9M20.

CASH FLOW HIGHLIGHTS

After a relatively slow first half in terms of operating cash flow, in 3Q21, the business demonstrated a full turnaround in terms of cash flow generation. The first two quarters were affected by increased working capital needs due to the significant revenue growth posted by the business, as well as by the collection of receivables from the state due to the delay in the processing of bills during the preceding quarters, led by the high number of COVID cases in the country in 4Q20. As a result, increased cash flow from operating activities (excl. IFRS 16) in 3Q21 (up 44.6% y-o-y) translated into a 128.2% EBITDA to cash conversion rate for the quarter and 73.2% for the nine months of 2021. Capex investments of GEL 8.5 million in 3Q21 mainly reflects maintenance capex. Total capex amounted to GEL 23.2 million in 9M21. The business paid GEL 11.5 million dividends[37] in 3Q21.

Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns 67% equity interests through GHG, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 35% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The pharmacy chain has a total of 341 pharmacies, of which 337 are in Georgia, and 4 are in Armenia.

3Q21 & 9M21 performance (GEL '000), Retail (pharmacy)[38]

INCOME STATEMENT HIGHLIGHTS	3Q21	3Q20	Change	9M21	9M20	Change
Revenue, net	**193,317**	**159,593**	**21.1%**	**566,134**	**478,433**	**18.3%**
Gross Profit	**53,035**	**39,853**	**33.1%**	**143,207**	**123,571**	**15.9%**
Gross profit margin	*27.4%*	*25.0%*	*2.4 ppts*	*25.3%*	*25.8%*	*-0.5 ppts*
Operating expenses (ex. IFRS 16)	(32,541)	(23,421)	38.9%	(89,476)	(73,511)	21.7%
EBITDA (ex. IFRS 16)	**20,494**	**16,432**	**24.7%**	**53,731**	**50,060**	**7.3%**
EBITDA margin, (ex. IFRS 16)	*10.6%*	*10.3%*	*0.3 ppts*	*9.5%*	*10.5%*	*-1.0 ppts*
Net profit/(loss)(ex. IFRS 16)	**17,728**	**(70)**	**NMF**	**47,278**	**20,449**	**131.2%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (*ex. IFRS 16*)	**26,182**	**15,063**	**73.8%**	**39,733**	**48,439**	**-18.0%**
EBITDA to cash conversion	*127.8%*	*91.7%*	*36.1 ppts*	*73.9%*	*96.8%*	*-22.9 ppts*
Cash flow used in investing activities[39]	**(7,736)**	**(608)**	**NMF**	**(13,363)**	**(1,026)**	**NMF**
Free cash flow, (ex. IFRS 16)[40]	**22,398**	**13,618**	**64.5%**	**29,067**	**44,610**	**-34.8%**
Cash flow from financing activities (*ex. IFRS 16*)	**(9,349)**	**(36,295)**	**-74.2%**	**(25,670)**	**(21,522)**	**19.3%**

BALANCE SHEET HIGHLIGHTS	30-Sep-21	30-Jun-21	Change	31-Dec-20	Change
Total assets	**489,718**	**482,551**	**1.5%**	**464,644**	**5.4%**
Of which, cash and bank deposits	36,530	27,632	32.2%	36,856	-0.9%
Of which, securities and loans issued	17,304	12,651	36.8%	12,471	38.8%
Total liabilities	**363,148**	**355,306**	**2.2%**	**361,048**	**0.6%**
Of which, borrowings	90,816	87,842	3.4%	88,608	2.5%
Of which, lease liabilities	98,374	95,970	2.5%	85,919	14.5%
Total equity	**126,570**	**127,245**	**-0.5%**	**103,596**	**22.2%**

KEY POINTS / VALUATION DRIVERS

- Strong y-o-y growth in 3Q21 revenues (up 21.1%) and EBITDA (excl. IFRS 16) (up 24.7%). Revenue and EBITDA were also up 18.3% and 7.3% y-o-y in 9M21, respectively, reflecting overall improvement in economic activity and continuing expansion of the pharmacy chain
- Robust gross margin of 27.4% in 3Q21, reaching 25.3% for the 9M21, resulting from new high-margin contracts in the wholesale business
- EBITDA margin continued its rebounding trend during the quarter, at 10.6% in 3Q21 and 9.5% in 9M21, exceeding the targeted 9%+
- Rebounding trend in cash flow from operating activities, in line with the enhanced revenue streams - up 73.8% in 3Q21 y-o-y, with 127.8% EBITDA to cash conversion ratio

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[37] In September 2021, Georgia Healthcare Group paid GEL 25 million dividends to GCAP, which is reflected solely in the cash flow of the healthcare services business at GHG level. At GCAP level, dividends collected from GHG were allocated across all three GHG businesses, Healthcare Services (GEL 11.5 million), Retail (Pharmacy) (GEL 11.5 million) and Medical Insurance (GEL 2 million).

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

[39] Of which - capex of GEL 3.8 million in 3Q21 (GEL 1.4 million in 3Q20) and GEL 10.7 million in 9M21 (GEL 3.8 million in 9M20);

[40] Calculated by deducting capex from operating cash flows.

- Strong operating cash translated into net debt[41] reduction, down 22.2% q-o-q to GEL 37.0 million as of 30-Sep-21
- The business paid GEL 11.5 million dividends[42] 3Q21
- Added 32 pharmacies over the last 12 months, expanding from 309 to 341 stores
- New projects:
  - In July 2021, the business opened its first new format (300 sq.m) retail pharma drugstore in Georgia. The store offers an extensive range of health, perfume and other beauty products as well as services through an integrated health hub incorporating lab retail point, ophthalmology and dermatology cabinets. Targeting to open four more such flagship pharma stores in 2021 (3 in Tbilisi and 1 in the regions)
  - The business has signed a franchise agreement with Alain Afflelou SA, one of the leading optical retailers in France, with a network of more than 500 largely franchised stores owned by more than 220 franchisees. The business opened its first Afflelou Paris opticians in August in Tbilisi and is planning to develop and operate a shop in shop model in its GPC pharmacies
  - In July, under a franchise agreement with Body Shop, the business opened its first Body Shop store in Armenia

INCOME STATEMENT HIGHLIGHTS

The retail (pharmacy) business delivered 21.1% y-o-y revenue growth in 3Q21 and 18.3% in 9M21, reflecting expansion (adding 32 pharmacies over 12 months), organic sales growth (same-store revenue up 14.8% in 3Q21 and up 10.6% in 9M21) as well as increased revenue from wholesale as a result of winning several state tenders. The retail revenue share in total revenue was 75.1% in 3Q21 (73.0% in 3Q20) and 73.4% in 9M21 (73.7% in 9M20). The revenue from para-pharmacy as a percentage of retail revenue from the pharma was 35.8% in 3Q21 (36.1% in 3Q20) and 34.7% in 9M21 (34.7% in 9M20). The business issued 7.4 million bills in 3Q21 (7.0 million in 3Q20) and 21.1 million bills in 9M21 (20.4 million in 9M20), with average customer interactions of 2.3 million per month. The average bill size increased to GEL 18.5 in 3Q21 from GEL 15.6 in 3Q20 and to GEL 18.5 in 9M21 from GEL 16.2 in 9M20.

Benefitting from the strong economic recovery since 2Q21, the margins also started to rebound, and the business posted 27.4% and 25.3% gross profit margins in 3Q21 and 9M21, respectively, mainly stemming from increased sales of para-pharmacy products and associated margins (up 2.4 ppts in 3Q21 and up 1.9 ppts in 9M21). The trend is expected to continue in line with the country's general macro trajectory.

The business posted negative operating leverage (excl. IFRS 16) of 5.8 ppts in 3Q21 and 9M21, mainly reflecting 1) increased rent expense of pharmacies due to GEL devaluation (about 85% of rental contracts are denominated in US$) as well as the expiration of six to twelve months discounts obtained from lessors for pharmacy leases at the initial stage of the pandemic; and 2) high marketing costs in 2021 associated to new projects and store openings. Along with increased salary expense mainly associated with the cancellation of the state tax subsidy from May 2021, this translated into a y-o-y increase in the operating expenses (excluding IFRS 16) of 38.9% in 3Q21 and 21.7% in 9M21. The result was a 24.7% and 7.3% y-o-y increase in EBITDA excluding IFRS 16 with an EBITDA margin of 10.6% for the quarter and 9.5% for the nine months.

Interest expense, excluding IFRS 16, was down 15.1% y-o-y in 3Q21 and down 18.6% in 9M21, due to the 20.1% decrease in net debt position y-o-y as of Sep-21 (down 22.2% q-o-q). GEL 1.8 million foreign currency gain, excluding IFRS 16, reflects the decrease in the GEL value of US$ and EUR denominated payables to suppliers due to the appreciation of GEL in 3Q21. Overall, the business posted GEL 6.2 million foreign currency gain in 9M21 compared to GEL 9.7 million loss posted in the same period last year.

As a result, the business posted a GEL 17.7 million profit in 3Q21 (net loss 0.1 million in 3Q20) and GEL 47.3 million in 9M21 (up 131.2% y-o-y) excluding IFRS 16.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

After the 1Q21 weak performance in operating cash, which was affected by the payment of some payable balances to suppliers, the terms of which were temporarily prolonged during the pandemic period, the EBITDA to cash conversion ratio started to improve from 2Q21, and the trend continued in 3Q21. The business increased its cash flow from operating activities by 73.8% in 3Q21, translating into a 127.8% EBITDA to cash conversion ratio for the same period. Overall, in 9M21, the ratio stood at 73.9%. Increased cash outflows from investing activities reflect increased capex investments attributable to new projects such as opticians and new format pharmacies, as well as regular expansion of the chain. The business paid GEL 11.5 million dividends[42] in 3Q21.

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[41] Net debt is calculated from Cash balance and bank deposits, securities and loans issued minus gross debt.

[42] In September 2021, Georgia Healthcare Group paid GEL 25 million dividends to GCAP, which is reflected solely in the cash flow of the healthcare services business at GHG level. At GCAP level, dividends collected from GHG were allocated across all three GHG businesses, Healthcare Services (GEL 11.5 million), Retail (Pharmacy) (GEL 11.5 million) and Medical Insurance (GEL 2 million).

Discussion of Water Utility Business Results

Our Water Utility is a regulated monopoly in Tbilisi and the surrounding area, where it provides water and wastewater services to c. 1.4 million residents, representing more than one-third of Georgia's population and c. 38,000 legal entities. Water Utility also operates hydro power plants with a total installed capacity of 149 MW. GCAP owns 100% in Water Utility through JSC Georgia Global Utilities, the holding company of GCAP's water utility business and operational renewable energy assets.

3Q21 & 9M21 performance (GEL '000), Water Utility[43]

INCOME STATEMENT HIGHLIGHTS	3Q21	3Q20	Change	9M21	9M20	Change
Revenue	**60,085**	**37,985**	**58.2%**	**152,041**	**98,754**	**54.0%**
Water supply	55,210	35,651	54.9%	138,213	94,066	46.9%
Energy	4,875	2,334	108.9%	13,828	4,688	NMF
Operating expenses	**(17,856)**	**(15,331)**	**16.5%**	**(50,357)**	**(43,644)**	**15.4%**
EBITDA	**40,487**	**20,802**	**94.6%**	**96,733**	**50,409**	**91.9%**
EBITDA margin	*67.4%*	*54.8%*	*12.6 ppts*	*63.6%*	*51.0%*	*12.6 ppts*
Net profit/(loss)	**28,120**	**(31,197)**	**NMF**	**62,978**	**(45,298)**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities	**41,972**	**16,780**	**NMF**	**68,938**	**34,038**	**NMF**
Cash flow used in investing activities	**(11,783)**	**(9,395)**	**25.4%**	**(40,157)**	**(35,065)**	**14.5%**
Free cash flow	**30,189**	**7,385**	**NMF**	**28,781**	**(1,007)**	**NMF**
Cash flow from financing activities	**(18,463)**	**9,052**	**NMF**	**(33,301)**	**33,848**	**NMF**
BALANCE SHEET HIGHLIGHTS	30-Sep-21	30-Jun-21	Change	31-Dec-20	Change	
Total assets	**700,440**	**675,493**	**3.7%**	**653,201**	**7.2%**	
Of which, cash balance	49,777	38,744	28.5%	55,577	-10.4%	
Total liabilities	**555,279**	**558,901**	**-0.6%**	**574,179**	**-3.3%**	
Of which, long-term borrowings	480,451	485,862	-1.1%	498,555	-3.6%	
Total equity	**145,161**	**116,592**	**24.5%**	**79,022**	**83.7%**	

KEY POINTS / VALUATION DRIVERS

- 3Q21 EBITDA almost doubled y-o-y (up 91.9% y-o-y in 9M21), driven by a 54.9% y-o-y increase in revenue from water sales (up 46.9% y-o-y in 9M21), and 2.1x growth in revenues from electricity sales (up 2.9x y-o-y in 9M21)
- 3Q21 water sales volume to commercial customers continued to demonstrate fast recovery, following the rebound of economic activities and were up 5.5% y-o-y and 17.4% q-o-q
- Improved water inflows in Zhinvali HPP reservoir led to 29.0% y-o-y growth in 3Q21 electricity generation (36.8% growth in 9M21), driving electricity sales up
- 3Q21 cash flow from operating activities up to GEL 42.0 million from GEL 16.8 million in 3Q20, in line with enhanced revenue streams from both water and electricity sales

INCOME STATEMENT HIGHLIGHTS

Revenues of water utility business increased by 58.2% y-o-y in 3Q21 (up 54.0% y-o-y in 9M21), reflecting a) increased water sales on the back of the tariff revision by the regulator for the 2021-2023 regulatory period, as well as the faster than expected recovery in business activities, b) increased electricity sales, supported by improved water inflows at Zhinvali HPP reservoir due to better hydrological conditions compared to last year and c) GEL 1.7 million gain from the sale of unexploited properties (GEL 4.3 million gain in 9M21).

3Q21 and 9M21 revenue from water sales were up y-o-y by 54.9% and 46.9%, respectively. According to the revised water tariff levels set by the regulatory body for 2021-2023 years, per cubic meter, tariffs in Tbilisi increased from GEL 0.3 to GEL 0.5 for the residential customers and from GEL 4.4 to GEL 6.5 for legal entities compared to the previous 3-year regulatory period (2018-2020). The tariff increase translates into an annual growth of 36.3%[44] in allowed water revenue for the entire water utility business over the 2021-2023 period. Higher water sales revenue in 3Q21 was further fuelled by increased demand from legal entities on the back of a quick restart of the economy. 3Q21 water sales volumes to commercial customers reached 8.5 million cubic meters, up by 5.5% y-o-y and 17.4% q-o-q.

3Q21 and 9M21 revenue from electricity sales increased y-o-y by 2.1x and 2.9x, respectively. The increase was driven by improved water inflows and generation levels at Zhinvali HPP reservoir. Water utility business produced 81.1 GWh of electricity in 3Q21, up by 29.0% y-o-y, which coupled with almost stable levels of self-produced electricity consumption of 48.9 GWh (up by 1.1% y-o-y), led to more than 2x growth in electricity sales volumes of 32.2 GWh. The water level in the reservoir continued to remain close to the maximum possible level of 810 m.a.s.l. (meters above sea level), allowing for more efficient and stable electricity generation for the rest of the year.

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[43] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[44] The tariff increase translates into the annual growth of approximately 38% in allowed water revenues of Georgian Water and Power LLC (GWP) in the three-year regulatory period effective from 1 January 2021.

Operating expenses in 3Q21 and 9M21 were up y-o-y by 16.5% and 15.4%, respectively, mainly reflecting higher electricity and transmission costs, which were factored into the new water tariff set by the regulator. As a result of the developments described above, EBITDA for 3Q21 almost doubled y-o-y and was up by 91.9% y-o-y in 9M21.

Net interest expense was up by 0.9% y-o-y to GEL 8.7 million in 3Q21 (up by 12.1% y-o-y to GEL 27.4 million in 9M21), mainly reflecting an increased balance of debt on the back of US$ 250 million green bond issuance in July 2020. 3Q21 foreign exchange gain amounted to GEL 5.3 million (GEL 21.9 million in 9M21), reflecting GEL appreciation against foreign currencies, and as a result, the 3Q21 net profit amounted to GEL 28.1 million (GEL 63.0 million in 9M21).

CASH FLOW HIGHLIGHTS

The improvement in operating cash flow was in line with the enhanced revenue streams from water and electricity sales. 3Q21 development capex was up by 17.3% y-o-y to GEL 13.0 million (up by 12.1% y-o-y to GEL 43.8 million in 9M21). 3Q21 cash outflow from financing activities amounted to GEL 18.5 million, reflecting scheduled coupon payment made on US$ 250 million green bond issued in July 2020. As a result, Water Utility's cash balance stood at GEL 49.8 million as of 30-Sep-21.

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

The insurance business comprises a) Property and Casualty (P&C) insurance business, owned through Aldagi and b) medical insurance business, owned through GHG. P&C insurance business is a leading player in the local insurance market with a 30.1% market share (up by 1.3ppts y-o-y) in property and casualty insurance based on gross premiums as of 30-Jun-21. P&C also offers a variety of non-property and casualty products, such as life insurance. GHG is the country's largest private medical insurer, with a 23.1% market share based on 2Q21 net insurance premiums. GHG offers a variety of medical insurance products primarily to Georgian corporate and state entities and also to retail clients. The medical insurance business plays a significant feeder role for GHG's polyclinics, pharmacies and hospitals. GCAP owns a 100% equity stake in both insurance businesses.

3Q21 & 9M21 performance (GEL '000), Insurance (P&C and Medical)[45]

INCOME STATEMENT HIGHLIGHTS	3Q21	3Q20	Change	9M21	9M20	Change
Earned premiums, net	**41,519**	**35,198**	**18.0%**	**116,196**	**104,425**	**11.3%**
Of which, P&C Insurance	22,631	18,292	23.7%	62,112	52,960	17.3%
Of which, Medical Insurance	18,888	16,906	11.7%	54,084	51,465	5.1%
Net underwriting profit	**13,111**	**10,857**	**20.8%**	**33,563**	**33,852**	**-0.9%**
Of which, P&C Insurance	9,146	7,255	26.1%	24,478	22,262	10.0%
Of which, Medical Insurance	3,965	3,602	10.1%	9,085	11,590	-21.6%
Net profit	**6,522**	**5,373**	**21.4%**	**16,268**	**16,149**	**0.7%**
Of which, P&C Insurance	4,741	3,880	22.2%	13,088	12,034	8.8%
Of which, Medical Insurance	1,781	1,493	19.3%	3,180	4,115	-22.7%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	**9,100**	**10,649**	**-14.5%**	**19,190**	**25,056**	**-23.4%**
Of which, P&C Insurance	7,573	7,040	7.6%	16,637	16,945	-1.8%
Of which, Medical Insurance	1,527	3,609	-57.7%	2,553	8,111	-68.5%
Free cash flow	**8,312**	**13,146**	**-36.8%**	**17,384**	**26,306**	**-33.9%**
Of which, P&C Insurance	6,827	6,560	4.1%	15,040	15,390	-2.3%
Of which, Medical Insurance	1,485	6,586	-77.5%	2,344	10,916	-78.5%
BALANCE SHEET HIGHLIGHTS	30-Sep-21	30-Jun-21	Change	31-Dec-20	Change	
Total assets	**296,534**	**286,746**	**3.4%**	**257,887**	**15.0%**	
Of which, P&C Insurance	211,020	195,035	8.2%	176,479	19.6%	
Of which, Medical Insurance	85,514	91,711	-6.8%	81,408	5.0%	
Total equity	**122,706**	**99,022**	**23.9%**	**101,507**	**20.9%**	
Of which, P&C Insurance	90,928	67,485	34.7%	69,443	30.9%	
Of which, Medical Insurance	31,778	31,537	0.8%	32,064	-0.9%	

TOTAL INSURANCE BUSINESS HIGHLIGHTS

P&C and medical insurance have a broadly equal share in total revenues, while P&C had a 73% share in total net profit in 3Q21 (80% in 9M21). In 3Q21, the loss ratio remained largely flat y-o-y, and a decrease in expense ratio by 1.9 ppts y-o-y contributed to the decline in the combined ratio by 1.9 ppts y-o-y. However, in 9M21 loss ratio was up by 3.7 ppts y-o-y, and despite the decrease in expense ratio by 2.0 ppts y-o-y, the combined ratio was slightly up by 1.7 ppts y-o-y to 88.4%. Net profit was up 21.4% to GEL 6.5 million in 3Q21 and up by 0.7% to GEL 16.3 million in 9M21, y-o-y. As a result, ROAE was 23.7% in 3Q21 (23.3% in 3Q20) and 20.5% in 9M21 (23.3% in 9M20).

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

Discussion of results, P&C Insurance

KEY POINTS / VALUATION DRIVERS

- Net premiums written up by 15.8% y-o-y in 3Q21 (up by 23.5% y-o-y in 9M21), reflecting a 33.2% y-o-y increase in the number of insurance policies written (up 18.6% y-o-y in 9M21)
- A 23.7% y-o-y increase in earned premiums net in 3Q21 (up by 17.3% y-o-y in 9M21), mainly resulting from the growth in the motor insurance line on the back of a boost in the retail client portfolio
- Combined ratio down 5.4ppts y-o-y in 3Q21 (down 0.8 ppts y-o-y in 9M21), reflecting a decrease in the expense ratio
- Net profit up by 22.2% y-o-y in 3Q21 (up by 8.8% y-o-y in 9M21)

INCOME STATEMENT HIGHLIGHTS

3Q21 revenues increased y-o-y by 23.7% (up 17.3% y-o-y in 9M21), mainly driven by the increase in the motor insurance line (excluding compulsory border third-party liability (MTPL) insurance) by GEL 2.4 million (GEL 5.5 million in 9M21) on the back of a boost in the retail client portfolio. An increase in credit life insurance revenue by GEL 0.7 million y-o-y (up by GEL 2.1 million y-o-y in 9M21) was the second-best contributor to the overall increase in 3Q21 revenue. An increase in the agricultural insurance business line by GEL 0.5 million y-o-y (up by GEL 1.0 million y-o-y in 9M21) also contributed to the overall growth.

In aggregate, despite COVID-19 impact and changes in customer spending habits, net premiums written across the portfolio through direct sales channels was up by 12.9% y-o-y in 3Q21 (up 21.7% y-o-y in 9M21). The negative trend of declining MTPL premiums written reversed from 2Q21 and led to a 26.1% y-o-y growth in 3Q21 MTPL revenues. Worldwide vaccination and reopening of land borders are expected to support a gradual recovery in tourism. However, recovery of compulsory MTPL premiums to pre-pandemic levels are impeded by uncertainty around the lifting of travel restrictions set by neighbouring countries, recurring waves of Covid-19 and slow vaccination rate.

At 30-Sep-21, the distribution mix in 3Q21 and 9M21 gross premiums written is as follows: various direct sales channels and brokers have a majority share of 72% (72% in 3Q20) and 74% (75% in 9M20), followed by partnership agreements with financial institutions of 26% (25% in 3Q20) and 24% (23% in 9M20) and MTPL channels of 2% (3% in 3Q20) and 2% (2% in 9M20), respectively.

P&C Insurance's key performance ratios for 3Q21 and 9M21 are noted below:

	3Q21	3Q20	Change	9M21	9M20	Change
Combined ratio	80.2%	85.6%	*-5.4 ppts*	81.3%	82.1%	*-0.8 ppts*
Expense ratio	31.8%	38.8%	*-7.0 ppts*	32.2%	37.2%	*-5.0 ppts*
Loss ratio	48.4%	46.8%	*1.6 ppts*	49.1%	44.9%	*4.2 ppts*
ROAE	23.7%	21.6%	*2.1 ppts*	23.2%	23.8%	*-0.6 ppts*

The 3Q21 and 9M21 y-o-y decreases in expense ratio reflects robust revenue growth while operating expenses remained largely flat, which translated into a decrease in the combined ratio of the respective periods. The increase in the 9M21 loss ratio reflects higher passenger mobility and thus increased volume of motor claims in 1H21 due to the lifted pandemic-related lockdown restriction as well as the occurrence of several large property claims in 3Q21. The volume of COVID-19-related credit life insurance claims incurred in 3Q21 and 9M21 amounts to GEL 0.9 million (no claims reported in 3Q20), and GEL 3.4 million (GEL 0.2 million in 9M20), respectively and represents 26% and 34% of total life insurance claims (2% in 9M20). As a result, P&C Insurance's net profit was up by 22.2% y-o-y in 3Q21 and up 8.8% y-o-y in 9M21. Adjusted for the FX loss on the natural long position, net profit is up by 32.7% y-o-y in 3Q21 and up by 17.1% y-o-y in 9M21.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

P&C Insurance's solvency ratio was 205% as of 30 September 2021, comfortably above the required minimum of 100%. The 7.6% y-o-y increase in 3Q21 operating cash inflows resulted from higher underwriting cash flows in 3Q21 compared to 3Q20. The business paid GEL 5.0 million dividends in 9M21.

Discussion of results, Medical Insurance

KEY POINTS / VALUATION DRIVERS

- Earned premiums net up 11.7% y-o-y in 3Q21 (up 5.1% y-o-y in 9M21), reflecting increased prices of the insurance policies
- Loss ratio remained largely flat in 3Q21 (down 0.4 ppts y-o-y to 74.5%). Loss ratio was up 4.8 ppts y-o-y to 78.7% in 9M21, reflecting the increased demand for elective healthcare services during the year
- Insurance renewal rate at 78.8% in 3Q21 (71.0% in 3Q20) and 78.2% in 9M21 (72.6% in 9M20)
- Net profit up 19.3% y-o-y in 3Q21 to GEL 1.8 million, down 22.7% to GEL 3.2 million in 9M21
- The number of insured clients at c.168,000 as of 30-Sep-21, stable over the quarter

- The business paid GEL 2 million in dividends[46] in 3Q21

INCOME STATEMENT HIGHLIGHTS

The 11.7% and 5.1% y-o-y increases in 3Q21 and 9M21 earned premiums net reflect an increase in the prices of insurance policies. Various incentives such as the 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. The direct settlement improves claims retention rates within GHG.

Claims retention rates	3Q21	3Q20	Change	9M21	9M20	Change
Total claims retained within the GHG	33.9%	34.8%	-0.9 ppts	35.5%	40.5%	-5.0 ppts
Total claims retained in outpatient	42.4%	42.9%	-0.5 ppts	39.1%	41.7%	-2.6 ppts

In 9M21, the net claims expenses were GEL 42.6 million (up 11.9% y-o-y), of which GEL 17.9 million (42.0% of total) was inpatient, GEL 15.1 million (35.7% of total) was outpatient and GEL 9.6 million (22.3% of total) was related to drugs. The loss ratio remained almost flat for the quarter, down 0.4 ppts y-o-y in 3Q21 (from 74.9% to 74.5%). Overall, reflecting a rebounding trend in the number of admissions at hospitals and clinics in 2021, compared to patient footprint slowdown at healthcare facilities last year due to the pandemic, the 9M21 the loss ratio was up 4.8 ppts y-o-y to 78.7%.

As a result, the combined ratio deteriorated by 2.4 ppts y-o-y to 91.7% for the quarter and by 5.1 ppts y-o-y for the 9M21 to 96.4%. The business posted a net profit of GEL 1.8 million in 3Q21 (up 19.3% y-o-y) and GEL 3.2 million in 9M21 (down 22.7% y-o-y).

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

Operating cash flow decline is associated with the increased claims expense of the business. Also, 9M21 operating cash flow reflects a significant prepayment (c. GEL 1.9 million) of a one-month service fee by a large client at the end of 2020. The business paid GEL 2 million dividends in 3Q21.

INVESTMENT STAGE PORTFOLIO COMPANIES

Discussion of Renewable Energy Business Results

The Renewable energy business operates three wholly-owned commissioned renewable assets: 50MW Mestiachala HPP[47], 20MW Hydrolea HPPs and 21MW Qartli wind farm. In addition, a pipeline of up to 172MW renewable energy projects is in an advanced stage of development. The renewable energy business is 100% owned by Georgia Capital.

3Q21 & 9M21 performance (GEL '000), Renewable Energy[48]

INCOME STATEMENT HIGHLIGHTS	3Q21	3Q20	Change	9M21	9M20	Change
Revenue	**13,490**	**16,009**	-15.7%	**33,922**	**34,895**	-2.8%
of which, PPA	*6,963*	*8,467*	*-17.8%*	*21,740*	*20,798*	*4.5%*
of which, Non-PPA	*5,922*	*5,822*	*1.7%*	*11,577*	*9,757*	*18.7%*
of which, BI Reimbursement	*605*	*1,719*	*-64.8%*	*605*	*4,340*	*-86.1%*
Operating expenses	(2,641)	(2,597)	1.7%	(8,211)	(7,393)	11.1%
EBITDA	**10,849**	**13,412**	**-19.1%**	**25,711**	**27,502**	**-6.5%**
EBITDA margin	*80.4%*	*83.8%*	*-3.4 ppts*	*75.8%*	*78.8%*	*-3.0 ppts*
Net profit/(loss)	**4,341**	**(5,789)**	**NMF**	**(88)**	**(10,222)**	**-99.1%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities	**10,384**	**11,289**	**-8.0%**	**20,381**	**29,032**	**-29.8%**
Cash flow used in investing activities	**2,494**	**11,327**	**-78.0%**	**(13,973)**	**(12,125)**	**15.2%**
Cash flow used in financing activities	**(15,355)**	**(18,252)**	**-15.9%**	**(33,443)**	**(28,554)**	**17.1%**
Dividends paid out	*(5,000)*	-	NMF	(14,471)	(4,927)	NMF
BALANCE SHEET HIGHLIGHTS	30-Sep-21	30-Jun-21	Change	31-Dec-20	Change	
Total assets	**448,703**	**454,715**	**-1.3%**	**482,986**	**-7.1%**	
Of which, cash balance	37,589	41,520	-9.5%	66,821	-43.7%	
Total liabilities	**308,153**	**314,190**	**-1.9%**	**326,252**	**-5.5%**	
Of which, borrowings	298,302	307,505	-3.0%	318,269	-6.3%	
Total equity	**140,550**	**140,525**	**NMF**	**156,734**	-10.3%	

[46] In September 2021, Georgia Healthcare Group paid GEL 25 million dividends to GCAP, which is reflected solely in the cash flow of the healthcare services business at GHG level. At GCAP level, dividends collected from GHG were allocated across all three GHG businesses, Healthcare Services (GEL 11.5 million), Retail (Pharmacy) (GEL 11.5 million) and Medical Insurance (GEL 2 million).
[47] 20MW Mestiachala HPP was flooded and taken offline in late July 2019. The restoration process is on-going.
[48] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

KEY POINTS / VALUATION DRIVERS

- Revenue and EBITDA were down 15.7% and 19.1% y-o-y, respectively, in 3Q21, mainly reflecting a 9.5% y-o-y decrease in electricity generation levels during the quarter. Excluding the impact of business interruption (BI) reimbursements for 2020 revenues of 20MW Mestiachala HPP[49] unit, revenue and EBITDA were down by 9.8% and 12.4% y-o-y in 3Q21, respectively
- 9M21 revenue and EBITDA were down by 2.8% and 6.5% y-o-y, respectively, mainly driven by the impact of BI reimbursements. Adjusted to exclude the BI reimbursement impact, 9M21 revenue and EBITDA were up by 9.0% and 8.4% y-o-y, respectively
- Electricity generation levels were up 11.4% y-o-y in 9M21, while electricity market sales price averaged at 35.0 US$/MWh
- The business sold its project rights of pre-construction "Bakhvi 2" HPP at a total price of US$ 2.05 million, translating into 31.9% equity IRR for the business
- GEL 5.0 million dividends paid in 3Q21 (GEL 14.5 million in 9M21)

INCOME STATEMENT HIGHLIGHTS

Up to 60% and 70% of electricity sales in the renewable energy business in 3Q21 and 9M21, respectively, were covered by fixed-priced long-term power purchase agreements (PPAs) formed with a Government-backed entity. The business continues to realise generated electricity during non-PPA months in an efficient way through making bilateral contracts with the industrial customers at favourable terms. Revenue was down by 15.7% y-o-y in 3Q21 to GEL 12.9 million and down by 2.8% y-o-y to GEL 33.9 million in 9M21. The decrease in 3Q21 revenue was mainly attributable to 9.5% y-o-y lower electricity generation levels at the power assets and reflects a) lower generation levels at Qartli Wind Farm in 3Q21, compared to the extraordinarily high generation levels in the corresponding 2020 period, and b) lower generation levels at Mestiachala and Hydrolea HPPs due to the unfavourable hydrological conditions during the quarter. The revenue decrease in 9M21 predominantly reflects the impact of BI reimbursements for 2020 revenues of the 20MW Mestiachala HPP unit. Excluding the effect of BI reimbursements, 3Q21 revenue was down by only 9.8% y-o-y, and 9M21 revenue was up by 9.0% y-o-y. However, on the back of more favourable hydrological and wind generation conditions during the first half of the year, 9M21 generation was up by 11.4% y-o-y to 211.9 GWh. The overall financial performance during 9M21 was also supported by favourable market electricity sales prices, which amounted to 35.0 US$/MWh for the business.

	3Q21				9M21			
GEL '000, unless otherwise noted	**Revenue from electricity sales**	***Change y-o-y***	**Electricity generation (GWh)**	***Change y-o-y***	**Revenue from electricity sales**	***Change y-o-y***	**Electricity generation (GWh)**	***Change y-o-y***
30MW Mestiachala HPP	*7,456*	*-4.8%*	*52.4*	*-6.0%*	*12,079*	*11.2%*	*93.8*	*15.1%*
21MW Qartli wind farm	*3,868*	*-18.4%*	*19.1*	*-17.7%*	*13,203*	*-6.2%*	*62.3*	*-10.7%*
20MW Hydrolea HPPs	*1,561*	*-8.9%*	*11.4*	*-10.0%*	*8,035*	*45.3%*	*55.8*	*43.2%*
Total	***12,885***	***-9.8%***	***82.8***	***-9.5%***	***33,317***	***9.0%***	***211.9***	***11.4%***

3Q21 operating expenses were flat y-o-y at GEL 2.6 million but were up by 11.1% y-o-y in 9M21 to GEL 8.2 million (the latter mainly reflects accounting adjustment for the consultancy fees, which was timing-related and will not have an effect on full-year numbers). As a result, 3Q21 EBITDA was down by 19.1% y-o-y to GEL 10.8 million and down by 6.5% y-o-y to GEL 25.7 million in 9M21. Excluding the effect of business interruption (BI) reimbursement accruals, 3Q21 EBITDA was down by 12.4% y-o-y, and 9M21 EBITDA was up by 8.4% y-o-y. The business recorded GEL 5.3 million net interest expense in 3Q21, down by 11.1% y-o-y (GEL 16.8 million in 9M21, down by 0.7% y-o-y).

In 3Q21, the renewable energy business sold its project rights of pre-construction "Bakhvi 2" HPP to a third-party investor. The transaction price amounted to US$ 2.05 million, out of which US$ 1.5 million was paid upon signing the SPA, while the remaining amount is an earn-out dependent on several conditions. The sale resulted in a 31.9% equity IRR for the business.

As a result of the developments described above, the business recorded a GEL 4.3 million profit in 3Q21 and a loss of GEL 0.1 million in 9M21.

CASH FLOW HIGHLIGHTS

3Q21 and 9M21 operating cash flow amounted to GEL 10.4 million (down by 8.0% y-o-y) and GEL 20.4 million (down by 29.8% y-o-y). Excluding the one-off effect of BI reimbursement proceeds received from the insurance company, 3Q21 and 9M21 operation cash flows were up by 7.1% and 14.7% y-o-y. Cash inflow from investing activities in 3Q21 amounted to GEL 2.5 million, mainly reflecting pre-construction "Bakhvi 2" HPP sale proceeds. 9M21 cash outflow from investing activities was at GEL 14.0 million (up by 15.2% y-o-y), reflecting the low base impact as GEL 10.5 million proceeds were received for the reimbursement of property damage of 50MW Mestiachala HPPs in 9M20. Excluding the impact of the property reimbursement, investing activities in 9M21 were down by 38.1% y-o-y. 3Q21 cash outflow from financing activities was down by 15.9% y-o-y to GEL 15.4 million. 9M21 cash outflow from financing activities increased by 17.1% y-o-y to GEL 33.4 million, mainly reflecting increased dividend payments made to Georgia Capital on the back of strong operational performance. The business made a

[49] On the 20MW Mestiachala HPP unit, the restoration process is still ongoing, pending the outcome of the comprehensive cost and feasibility assessment

dividend distribution of GEL 5.0 million in 3Q21 and GEL 14.5 million during 9M21, up from GEL 4.9 million in 9M20. As a result, the cash balance of the renewable energy business amounted to GEL 37.6 million as of 30-Sep-21.

Discussion of Education Business Results

Our education business currently combines majority stakes in five private school brands and campuses, acquired in 3Q19-3Q21: British-Georgian Academy and British International School of Tbilisi (70% stake), the leading schools in the premium segment; Buckswood International School (80% stake), well-positioned in the mid-level segment, Green School (80%-90% ownership[50]) and Georgian-Austrian School Pesvebi LLC (81%[51] ownership), both well-positioned in the affordable education segment.

3Q21 & 9M21 performance (GEL '000), Education[52]

INCOME STATEMENT HIGHLIGHTS	3Q21	3Q20	Change	9M21	9M20	Change
Revenue	**3,359**	**3,155**	**6.5%**	**19,599**	**17,111**	**14.5%**
Operating expenses	(4,655)	(4,166)	11.7%	(14,411)	(12,974)	11.1%
EBITDA	**(1,296)**	**(1,011)**	**-28.2%**	**5,188**	**4,137**	**25.4%**
EBITDA Margin	*-38.6%*	*-32.0%*	-6.5 ppts	*26.5%*	*24.2%*	2.3 ppts
Net loss	**(2,310)**	**(3,283)**	**29.6%**	**3,479**	**(1,189)**	**NMF**
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	3,658	3,234	13.1%	11,237	8,084	39.0%
Net cash flows used in investing activities	(7,309)	(2,015)	NMF	(19,154)	(5,052)	NMF
Net cash flows from financing activities	4,870	471	NMF	11,742	719	NMF

BALANCE SHEET HIGHLIGHTS	30-Sep-21	30-Jun-21	Change	31-Dec-20	Change
Total assets	**132,778**	**122,808**	**8.1%**	**110,541**	**20.1%**
Of which, cash	9,809	8,648	13.4%	6,399	53.3%
Total liabilities	**56,509**	**48,804**	**15.8%**	**53,396**	**5.8%**
Of which, borrowings	24,838	23,347	6.4%	24,947	-0.4%
Total equity	**76,269**	**74,004**	**3.1%**	**57,145**	**33.5%**

KEY POINTS / VALUATION DRIVERS

- Education business has expanded from the current capacity of 2,810 learners to 5,060 learners in 3Q21 through investments in (1) the acquisition of an 81% equity interest in Georgian-Austrian School Pesvebi (1,200 learner capacity), (2) the launch of a new (second) campus under the existing affordable brand – Green School (600 learner capacity) and (3) the expansion of Green School's existing campus (450 learner capacity)
- Revenue up by 6.5% and up by 14.5% y-o-y in 3Q21 and 9M21, reflecting a 15.2% y-o-y growth in average tuition revenue per learner in 9M21 and growth in the number of learners by 20.5% y-o-y
- EBITDA down by 28.2% and up by 25.4% y-o-y in 3Q21 and 9M21, respectively, reflecting the decreased number of academic days as the schools modified the academic calendar
- GEL 19.2 million investments in the launch of new campus and expansion of existing campuses in affordable (construction completed) and mid-scale segments (construction is expected to complete in 1Q22) and the acquisition of an 81% interest in Georgian-Austrian School Pesvebi, in 9M21

NEW INVESTMENTS

In 3Q21, the education business expanded in the affordable segment through 2 investment projects:

- In 3Q21, Georgia Capital has signed a share purchase agreement to acquire an 81%[51] equity interest in Georgian-Austrian School Pesvebi, which is located in a densely populated urban area in Tbilisi with a considerable residential apartment development pipeline. The School has a capacity of 1,200 learners and is one of the largest private schools in Georgia with recently renovated c.7,400 sq.m. building facilities and a 1.4ha land plot.
- The new (second) campus has been launched under the existing affordable brand in Group's portfolio – Green School. The campus is located in the central district of Tbilisi. Despite its urban location, the school has a unique infrastructure with a 5ha land plot, offering an ecologically friendly environment and areas for outdoor activities. The new campus will provide education to 600 learners, with the potential to expand its capacity to 1,500-2,000 learners over the next years by utilising the existing premises.

[50] 80% equity stake in the current campus and 90% equity stake in new schools that will be developed under Green School brand.
[51] Georgia Capital has a call option on the 9% equity stake during the 12 months starting from August 2022.
[52] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

INCOME STATEMENT HIGHLIGHTS

The third quarter is usually a slow season for the education business, as the schools are not operational during the July-August holidays. In light of COVID-19, some schools started distance learning in September 2021 and reopened for on-campus learning from October 2021, while others elected to start the 2021-22 academic year directly at school premises in October 2021.

To mitigate the impact of distance learning on academic and social life, the schools modified the academic calendar by shifting academic days from 3Q21 to the subsequent quarters to coincide with the on-campus learning resumption. As a result, a lower portion of the revenue was recognised in 3Q21 compared to 3Q20; however, 3Q21 revenue was still up by 6.5% y-o-y. The expansion of the affordable segment through the acquisition and launch of a new campus contributes to 4.3% of the total revenue growth, while the rest is driven by growth in total enrolments and average fee per learner. Growth in average fee per learner is supported by tuition fee increases via contract renewals in line with grade-level progression for existing learners.

The intakes remained strong for all grades with a c.76% utilisation rate for 1st graders in the 2021-2022 academic year. Overall, the total number of learners was up 20.5% y-o-y to 3,150 learners at 30-Sep-21, translating in the utilisation rate of 62.3% compared to last year's 93.0%, reflecting the addition of a new capacity of 2,250 learners in 3Q21.

The business growth reflects an increase in operating expenses by 11.7% in 3Q21 y-o-y. Consequently, EBITDA was down by 28.2% y-o-y in 3Q21 (up 25.4% y-o-y in 9M21).

Overall, the business posted GEL 3.5 million net income in 9M21 (GEL 1.2 million net loss in 9M20) and GEL 2.3 million net loss in 3Q21 (GEL 3.3 million net loss in 3Q20), reflecting foreign currency exchange gains in 9M21 compared to foreign currency exchange losses in 9M20.

CASH FLOW HIGHLIGHTS

Operating cash flow generation by the education business was up by 13.1% y-o-y in 3Q21 and up by 39.0% y-o-y in 9M21.
The schools managed to deliver strong cash collection rates before the start of the 2021-22 academic year. Overall, the combined cash collection rate for 2021-2022 tuition fees stood at 62.7% (63.6% at 30-Sep-20), which was in line with the schools' cash collection policies. GEL 19.2 million cash outflow from investing activities in 9M21 reflects investments in capacity expansion of the operational campuses of Buckswood by 240 learners and Green School by 450 learners, acquisition of land and building for the new campus location of Green School with the capacity of 600 learners, and acquisition of an 81% interest in Georgian-Austrian School Pesvebi with 1,200 learner capacity.

Discussion of Other Portfolio Results

The five businesses in our "other" private portfolio are Housing Development, Hospitality and Commercial Real Estate, Beverages, Auto Services and Digital Services. They had a combined value of GEL 246.0 million at 30-Sep-21, which represented only 6.9% of our total portfolio.

3Q21 & 9M21 aggregated performance highlights (GEL '000), Other Portfolio

	3Q21	3Q20	Change	9M21	9M20	Change
Revenue	89,108	83,174	7.1%	239,027	197,911	20.8%
EBITDA	7,854	11,125	-29.4%	27,527	14,345	91.9%
Net cash flows from operating activities	9,398	27,746	-66.1%	21,406	56,485	-62.1%

The y-o-y growth in the aggregated revenues of our other businesses (up 7.1% in 3Q21 and 20.8% in 9M21) was led by strong performances of the beverages and auto services businesses. The decline in net cash flow from operating activities was in line with the organic transition to revenue growth and the corresponding increase in working capital requirements.

- **Housing Development** | Revenue was down by 43.9% in 3Q21 and by 1.6% y-o-y in 9M21, reflecting a base effect of increased apartment sales in corresponding 2020 periods on the back of the Government's mortgage subsidy programme, implemented as a support mechanism for the COVID-19 pandemic, which expired at the end of 2020. Decrease in revenue translated into a y-o-y decline of EBITDA by GEL 4.4 million to negative GEL 3.4 million in 3Q21 and by 50.6% y-o-y to GEL 1.0 million in 9M21. Consequently, operating cash flow was down 59.9% y-o-y to GEL 5.9 million in 3Q21 (down by 85.5% to GEL 5.7 million in 9M21).
- **Hospitality and Commercial Real Estate** | In 3Q21, revenue was down 47.4% y-o-y to 2.3 GEL million (down 21.9% y-o-y to GEL 10.5 million in 9M21), and EBITDA, adjusted for revaluation gain/loss on investment property of the business, was down by 81.8% y-o-y to GEL 0.3 million (up 2.9x y-o-y to GEL 4.4 million in 9M21), mainly reflecting the absence of

revenues associated with the divestment of a significant portion of commercial real estate assets. Net cash flow from operating activities was down by GEL 2.6 million y-o-y to negative GEL 0.3 million in 3Q21 and up by 173.3% y-o-y to GEL 2.2 million in 9M21.

Since June 2021, we successfully completed the sale to a combination of local and regional investors of selected commercial real estate assets for US$ 45.0 million with an 11.3% premium (US$ 4.6 million) to the book value as of 31-Mar-21. The proceeds from the sale will be used to repay the existing US$ 30 million bonds issued by the commercial real estate business and maturing on 31 December 2021. The book value of the remaining disposable assets is approximately US$ 14.0 million as of 30-Sep-21 and is split between commercial real estate assets (18%) and land plots (82%).

- **Beverages** | The beverages business combines three business lines: a wine business, a beer business, and distribution business.
  - **Wine business** | The net revenues of the wine business increased by 27.0% y-o-y to GEL 13.7 million in 3Q21 (up by 44.3% y-o-y to GEL 37.4 in 9M21), mainly attributable to increased sales on the local market. The gross profit margin was up by 0.8 ppts y-o-y to 43.3% in 3Q21 and by 5.6ppts y-o-y to 44.5% in 9M21. The number of bottles sold was up 30.3% in 3Q21 and up by 44.1%, y-o-y in 9M21, while the average price per bottle (GEL) remained largely flat, down by 0.4% y-o-y both in 3Q21 and 9M21. Consequently, EBITDA increased by 63.0% y-o-y to GEL 2.6 million in 3Q21 (up 2.7x y-o-y to GEL 7.9 million in 9M21). The net operating cash flow of the business also demonstrated growth of 12.2% y-o-y in 9M21, in line with the increased revenue.
  - **Beer business** | The net revenue of the beer business increased by 17.9% to GEL 19.4 million in 3Q21 and by 19.5% to GEL 44.9 million in 9M21, y-o-y. Beer and lemonade sales (in hectolitre) were up 16.6% y-o-y in 3Q21 and up 17.0% in 9M21. The average price per litre in GEL was up by 0.8% y-o-y in 3Q21 and up by 3.3% in 9M21. However, despite the revenue growth, the EBITDA of the business remained largely flat at GEL 3.5 million in 3Q21, reflecting changes in product mix and increased prices of raw materials. 9M21 EBITDA was up by 37.6% y-o-y, resulting from the strong revenue growth of the business. The solid performance of the business over the past two years translated into enhanced creditworthiness, and as a result of reassessment by the creditors, GCAP's guarantee on the borrowing of beer business decreased by c. EUR 2.7 million to EUR 15.8 million in 3Q21.
  - **Distribution business |** Revenue of the distribution business increased by 30.2% y-o-y to GEL 40.9 million in 3Q21 (up 20.9% y-o-y to GEL 88.2 million in 9M21), while EBITDA increased by 54.5% y-o-y to GEL 2.2 million in 3Q21 (up 53.4% y-o-y to GEL 3.9 million in 9M21).
- **Auto Service** | The auto service business includes a periodic technical inspection (PTI) business, a car services and parts business under the Amboli brand and a secondary car trading business.
  - **Periodic technical inspection (PTI) business** | PTI business demonstrated a solid performance growth with a 15.2% y-o-y revenue growth to GEL 4.2 million in 3Q21 and 52.3% y-o-y growth to GEL 11.9 million in 9M21. Revenue growth was supported by an increase in total cars serviced, up by 10.4% y-o-y in 3Q21 and by 43.6% y-o-y in 9M21. As a result, the EBITDA of the PTI business was up by 25.2% y-o-y to GEL 2.6 million in 3Q21 and up 2.2x to GEL 6.5 million in 9M21, with a y-o-y EBITDA margin growth of 4.8 ppts to 59.9% and 17.2 ppts to 54.3% in 3Q21 and 9M21, respectively.
  - **Car services and parts business (Amboli)** | In 3Q21, Amboli's revenue was up by 44.1% y-o-y to GEL 8.7 million (up 76.8% y-o-y to GEL 21.5 million in 9M21), reflecting the increase in corporate and wholesale customer segments. Similarly, the 3Q21 gross profit was up by 44.3% to GEL 2.0 million and up by 89.0% to GEL 4.9 million in 9M21, y-o-y. As a result, the business posted more than GEL 0.5 million EBITDA in 3Q21, up by 10.5% y-o-y (GEL 1.1 million in 9M21, up by more than 2.3x times from 9M20).

ADDITIONAL FINANCIAL INFORMATION

The 9M21 NAV Statement shows the development of NAV since 31-Dec-20:

GEL '000, unless otherwise noted	Dec-20	1. Value creation[53]	2a. Investment	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Sep-21	Change %
Listed Portfolio Companies									
Bank of Georgia (BoG)	531,558	110,082	-	-	-	-	-	641,640	20.7%
Total Listed Portfolio Value	**531,558**	**110,082**	**-**	**-**	**-**	**-**	**-**	**641,640**	**20.7%**
Listed Portfolio value change %		***20.7%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***20.7%***	
Private Portfolio Companies									
Large Companies	**1,858,237**	**415,349**	-	**-**	**(29,959)**	**-**	**1,657**	**2,245,284**	**20.8%**
Healthcare Services	*571,656*	*163,858*	-	-	*(11,545)*	-	-	*723,969*	*26.6%*
Retail (Pharmacy)	*552,745*	*76,341*	-	-	*(11,460)*	-	-	*617,626*	*11.7%*
Water Utility	*471,148*	*147,357*	-	-	-	-	*1,234*	*619,739*	*31.5%*
Insurance (P&C and Medical)	*262,688*	*27,793*	-	-	*(6,954)*	-	*423*	*283,950*	*8.1%*
Of which, P&C Insurance	*197,806*	*23,165*	-	-	*(4,959)*	-	*423*	*216,435*	*9.4%*
Of which, Medical Insurance	*64,882*	*4,628*	-	-	*(1,995)*	-	-	*67,515*	*4.1%*
Investment Stage Companies	**302,964**	**30,715**	**16,515**	**-**	**(14,471)**	**-**	**876**	**336,599**	**11.1%**
Renewable Energy	*209,902*	*9,103*	*3,724*	-	*(14,471)*	-	*876*	*209,134*	*-0.4%*
Education	*93,062*	*21,612*	*12,791*	-	-	-	-	*127,465*	*37.0%*
Other Companies	**214,929**	**28,934**	**615**	**-**	**-**	**-**	**1,494**	**245,972**	**14.4%**
Total Private Portfolio Value	**2,376,130**	**474,998**	**17,130**	-	**(44,430)**	-	**4,027**	**2,827,855**	**19.0%**
Private Portfolio value change %		***20.0%***	***0.7%***	***0.0%***	***-1.9%***	***0.0%***	***0.2%***	***19.0%***	
Total Portfolio Value (1)	**2,907,688**	**585,080**	**17,130**	**-**	**(44,430)**	**-**	**4,027**	**3,469,495**	**19.3%**
Total Portfolio value change %		***20.1%***	***0.6%***	***0.0%***	***-1.5%***	***0.0%***	***0.1%***	***19.3%***	
Net Debt (2)	**(697,999)**	**-**	**(17,130)**	**(12,534)**	**44,430**	**(15,934)**	**(12,954)**	**(712,121)**	**2.0%**
of which, Cash and liquid funds	*175,289*	-	*(17,130)*	*(12,534)*	*44,430*	*(15,934)*	*82,067*	*256,188*	*46.2%*
of which, Loans issued	*108,983*	-	-	-	-	-	*49,759*	*158,742*	*45.7%*
of which, Gross Debt	*(982,271)*	-	-	-	-	-	*(144,780)*	*(1,127,051)*	*14.7%*
Net other assets/ (liabilities) **(3)**	2,603	-	-	-	-	(11,050)	13,917	5,470	NMF
of which, share-based comp.	-	-	-	-	-	*(11,050)*	*11,050*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,212,292**	**585,080**	**-**	**(12,534)**	**-**	**(26,984)**	**4,990**	**2,762,844**	**24.9%**
NAV change %		***26.4%***	***0.0%***	***-0.6%***	***0.0%***	***-1.2%***	***0.2%***	***24.9%***	
Shares outstanding[53]	45,977,247	-	-	(473,162)	-	-	717,859	46,221,944	0.5%
Net Asset Value per share, GEL	**48.12**	**12.72**	**(0.00)**	**0.22**	**(0.00)**	**(0.59)**	**(0.70)**	**59.77**	**24.2%**
NAV per share, GEL change %		***26.4%***	***0.0%***	***0.5%***	***0.0%***	***-1.2%***	***-1.4%***	***24.2%***	

[53] Please see definition in glossary on page 26.

Basis of presentation

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

Under IFRS 10, Georgia Capital PLC meets the "investment entity" definition. For more details about the bases of preparation please refer to page 97 in Georgia Capital PLC 2020 Annual report.

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

GLOSSARY

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

ABOUT GEORGIA CAPITAL PLC

Georgia Capital PLC (LSE: **CGEO LN**) is a platform for buying, building and developing businesses in Georgia (together with its subsidiaries, "**Georgia Capital**" or **"the Group").** The Group's primary business is to develop or buy businesses, help them institutionalise their management and grow them into mature businesses that can further develop largely on their own, either with continued oversight or independently. Once Georgia Capital has successfully developed a business, the Group actively manages its portfolio to determine each company's optimal owner. Georgia Capital will normally seek to monetise its investment over a 5-10 year period from initial investment.

Georgia Capital currently has six 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;** We also hold other small private businesses across different industries in Georgia and a 19.9% equity stake in LSE premium-listed **Bank of Georgia Group PLC ("BoG"),** a leading universal bank in Georgia.

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 the 1H21 Result Announcement and in Georgia Capital PLC's Annual Report and Accounts 2020. 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.

COMPANY INFORMATION

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