FINANCIAL PERFORMANCE HIGHLIGHTS (IFRS)[1]

GEL '000, unless otherwise noted *(Unaudited)*	Dec-21	Sep-21	Change	Dec-20	Change	
Georgia Capital NAV overview						
NAV per share, GEL	63.03	59.77	5.5%	48.12	31.0%	
Net Asset Value (NAV)[2]	2,883,622	2,762,844	4.4%	2,212,292	30.3%	
Total portfolio value	3,616,231	3,469,495	4.2%	2,907,688	24.4%	
Liquid assets and loans issued	426,531	414,930	2.8%	284,272	50.0%	
Net debt	(711,074)	(712,121)	-0.1%	(697,999)	1.9%	
Georgia Capital Performance	**4Q21**	**4Q20**	**Change**	**FY21**	**FY20**	**Change**
Total portfolio value creation	171,355	510,129	-66.4%	756,436	479,485	57.8%
of which, listed businesses	*54,027*	*171,458*	-68.5%	*164,109*	*(261,524)*	NMF
of which, private businesses	*117,328*	*338,671*	-65.4%	*592,327*	*741,009*	-20.1%
Investments	1,166	378	NMF	18,296	194,665	-90.6%
Buybacks	12,555	-	NMF	25,089	6,033	NMF
Dividend income	29,931	14,972	99.9%	74,362	29,870	NMF
Net income	128,244	475,322	-73.0%	681,393	308,512	NMF
Private portfolio companies' performance[1]	**4Q21**	**4Q20**	**Change**	**FY21**	**FY20**	**Change**
Large portfolio companies						
Revenue	421,058	354,483	18.8%	1,551,099	1,235,045	25.6%
EBITDA	81,418	60,303	35.0%	320,770	218,965	46.5%
Net operating cash flow	101,552	57,761	75.8%	297,565	253,025	17.6%
Investment stage portfolio companies						
Revenue	21,590	16,380	31.8%	75,027	68,385	9.7%
EBITDA	12,456	8,847	40.8%	43,295	40,568	6.7%
Net operating cash flow	12,393	11,006	12.6%	43,951	48,191	-8.8%
Total portfolio[3]						
Revenue	541,203	456,338	18.6%	1,963,708	1,586,816	23.8%
EBITDA	87,436	80,779	8.2%	385,154	285,507	34.9%
Net operating cash flow	115,929	83,677	38.5%	364,905	372,610	-2.1%

KEY POINTS

- Sale of an 80% interest in the water utility business to FCC Aqualia for US$ 180 million via a two-staged process
  - Successful completion of the first stage of disposal and receipt of full cash proceeds in February 2022
- NAV per share (GEL) up 5.5% in 4Q21, mainly reflecting:
  - GEL 117.3 million value creation across our private portfolio *(+4.2 ppts impact)*
  - BoG share price increase by 7.3% leading to GEL 54.0 million *(+2.0 ppts impact)* value creation in listed portfolio
- NAV per share (GEL) up 31.0% and up 39.7% in GBP terms in FY21, reflecting outstanding performance across our portfolio companies and GEL's appreciation against foreign currencies during 2021
- Record aggregated quarterly revenues of GEL 541.2 million, up 18.6% y-o-y in 4Q21
- Aggregated quarterly EBITDA and net operating cash flow up 8.2% and 38.5% y-o-y, respectively, in 4Q21
- Aggregated revenues and EBITDA up 23.8% and 34.9% y-o-y respectively in FY21
- GEL 29.9 million dividends collected from the portfolio companies in 4Q21 (GEL 74.4 million in FY21)
- c. 470 thousand shares (c. 1% of issued capital) repurchased and cancelled in 4Q21 (c. 824 thousand shares for FY21)
  - An additional US$ 5 million earmarked for buybacks in January 2022
- Market Value Leverage ("MVL") down 1.2 ppts to 24.2% in 4Q21 (down 4.7 ppts in FY21)
  - MVL Down to 19.2% when assuming full completion[4] of the Water Utility sale as of 31 December 2021

Conference call: An investor/analyst conference call will be held on 23 February 2022, at 16:00 UK / 17:00 CET / 11:00 US Eastern Time. Please click the link to join the webinar: WEBINAR LINK, webinar ID: 824 1626 2804, passcode: 495645. Further details about the webinar are available on the Company's webpage: https://georgiacapital.ge/ir/news.

[1] See "Basis of Presentation" for more background on page 37. 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] See page 29 for the reconciliation of Net Asset Value (NAV) to IFRS financial statements as at 31 December 2021.
[3] The results of our five smaller businesses included in other portfolio companies (described on pages 25-26) 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).
[4] Assuming cash settlement from the Water Utility sale on 31 December 2021, and US$ 95.4 million shareholder loan to Renewable Energy for the Eurobond redemption financing

CHAIRMAN AND CEO'S STATEMENT

2021 was a significant year of strategic, operational and financial progress for Georgia Capital.

We continued to deliver on our strategic priorities. Our key strategic priority, announced a year ago, was to dispose of one of our large portfolio companies and I am delighted that, in what continues to be a challenging global environment, we have successfully completed the sale of the Group's water utility business to a high-quality international strategic investor, FCC Aqualia. The value achieved of US$ 180 million, for 80% of the water utility business represents a 30% premium to its independent investment value at 30 June 2021 and translates into 2.7x MOIC in US$ (3.6x MOIC in GEL) and 20% IRR in US$ (27% IRR in GEL). The disposal also has a very significant positive impact on the Group's leverage profile, reducing the market value leverage from 24.2% as at 31 December 2021 to 19.2%. The sale represents our most significant monetisation event to date and marks the completion of the full investment cycle for one of our large businesses, from acquisition and development to cash exit. Our announcement of the sale of the water utility business during the pandemic once again underlines the resilience of our portfolio and marks the delivery of our key strategic priority for 2021. In addition, the partnership with FCC Aqualia, the fourth largest water management company in Europe, brings international expertise to the Group and value creation upside on our minority interest in the business, whilst also benefiting the country's sustainable development.

The disposal creates both substantial value for GCAP shareholders and brings in significant cash proceeds, received in February 2022. In the short-term, the net cash proceeds will be held in cash and cash equivalents, and yield-bearing marketable debt securities, pending a review by our Board to determine the appropriate investment, deleveraging and capital return policies in the light of the prevailing economic outlook, our share price and discount to net asset value, and any available investment opportunities. This Board review will be completed over the next few months, at which point a further announcement will be made. For more details on the transaction, including timing and conditions to its completion, see page 5.

In addition to the Water Utility disposal, the following notable events took place in 2021: **1)** The sale of US$ 45.0 million commercial real estate properties with an 11.3% premium to their book value as of 31 March 2021, translating into 2.1x MOIC in US$ terms and demonstrating continued progress towards our previously announced strategic priority to divest, over the next few years, subscale portfolio companies which do not have the potential to reach GEL 500 million equity value; **2)** The buyout of the minority shareholders in our retail (pharmacy) business, agreed at renegotiated terms, providing the path to GCAP's 100% ownership and stretching over six-year/tranches at 5.25x EV/EBITDA multiple; **3)** The expansion of the education business in the affordable segment through several investments, in line with our capital allocation programme; **4)** The resumption of the Group's share buyback and cancellation programme with an initial US$ 10 million, which was further increased with an additional US$ 5 million in January 2022. Under the programme, c. 1.3 million shares (c. 3% of issued capital) have been repurchased and cancelled to date; **5)** US$ 65 million Eurobond tap issuance in March 2021, which enhanced our liquidity and once again demonstrated our superior access to international capital markets; **6)** Lastly, as our portfolio companies continued to deliver on their individual strategic objectives, our NAV per share increased by 31.0% y-o-y in FY21 and more than doubled since the start of the COVID-19 pandemic.

In 4Q21, NAV per share (GEL) increased 5.5% to GEL 63.03 (up 31.0% in FY21). The NAV per share growth in 4Q21 was primarily driven by GEL 171.4 million in value creation across our portfolio, with a 6.2 ppts impact on the NAV per share. The value creation across our private portfolio amounted to GEL 117.3 with a 4.2 ppts impact on the NAV per share. BoG's share price during 4Q21 increased by 7.3%, strongly supporting NAV per share growth with GEL 54.0 million value creation (+2.0 ppts impact). The value creation in our private portfolio in 4Q21 mainly reflects the following factors: a) GEL 92.8 million value creation in our retail (pharmacy) business led by its strong operating performance and the revaluation of the minority interest value following the renegotiated buyout terms (+3.4 ppts impact), b) a GEL 73.8 million (+2.7 ppts impact) uplift to Water Utility's equity value, resulting from marking of the business value to the agreed sale price and c) GEL 34.8 million negative impact from the mark down of investment in the 20MW power generating unit of Mestiachala HPP, which was flooded and taken offline in late July 2019.

Similarly, the 31.0% NAV per share growth in FY21 reflects GEL 756.4 million value creation across our portfolio, where GEL 164.1 million (+7.4 ppts impact) and GEL 592.3 million (+26.8 ppts impact) value was created in our listed and private portfolio companies, respectively, of which GEL 221.2 million (+10.0 ppts impact) in value creation was attributable to the water utility business. NAV per share growth was even stronger in GBP terms, up by 6.6% in 4Q21 (up 39.7% in FY21), partly reflecting the appreciation of GEL against GBP during the year.

Outstanding operating performance across our private portfolio. During 4Q21, the aggregated revenues of our private portfolio companies totalled GEL 541.2 million, an 18.6% year-on-year growth and a 29.8% growth over the equivalent, pre-pandemic, 2019 period, while aggregated EBITDA in 4Q21 was up 8.2% y-o-y and up 8.5% compared to the pre-pandemic 2019 period. The growth mainly reflects the robust performance across our large portfolio companies (revenues up 18.8% and EBITDA up 35.0% y-o-y in 4Q21). The strong business growth across our portfolio companies also led to robust aggregate quarterly net operating cash flows of GEL 115.9 million, up 38.5% y-o-y in 4Q21. For FY21, the aggregated revenues of our private portfolio companies increased by 23.8% y-o-y (and were up 33.9% over the equivalent, pre-pandemic, 2019 period), while the aggregated FY21 y-o-y EBITDA growth was 34.9% (up 38.5% compared to FY19).

COVID-19 update. Notwithstanding the spread of the new Omicron variant and the resulting surge in the number of positive cases, with the majority of our capital allocated to defensive industries and sectors, Georgia Capital continued demonstrating great operational and financial resilience. Despite the record number of infections and hospitalisations caused by Omicron, the percentage of hospitalised patients with severe illness has been lower compared with those in earlier pandemic waves, partly due to the apparently lower virulence of the Omicron variant and better immune protection from Georgia's improving vaccination coverage. 43.2% of the adult population have now been fully vaccinated. Going forward, however uncertain the evolution of the virus could be, we believe that the Georgian healthcare system, government and society as a whole, are better prepared and mobilised to manage any potential further pandemic impact.

From a **macroeconomic perspective**, Georgia's economic recovery continued to deliver a strong performance into the tail end of the year, with real GDP posting a double-digit growth at an estimated 10.6% y-o-y in 2021. On the domestic side, the recovery has been supported by expansionary fiscal policy (current and capital expenditures grew by 12.5% y-o-y in FY21) and robust lending in both national and foreign currencies (total loans up 16.4% y-o-y by the end of December in constant currency terms). On the external side, strong remittance inflows (up 25% y-o-y in 2021) were supported by merchandise exports (up 27% y-o-y in 2021) and tourism revenues rebounding to 58% of the pre-pandemic 2019 level in December 2021 (52% of 2019 level in 2H21). The Georgian Lari (GEL) began strengthening in mid-May 2021, appreciating against the US Dollar by 10.1% compared to the beginning of 2021. The real effective exchange rate (REER) has also followed a similar trend for seven consecutive months since May and is now approaching its long-run trend. Currency appreciation, which has continued into 2022 has been driven by strong foreign demand for Georgian exports (including a partial recovery in service exports), robust remittance inflows, tight monetary policy and accelerated foreign currency lending, as well as improving market sentiment, underscored by the absence of pass-through from recent regional currency depreciation stemming from geopolitical tensions and idiosyncratic shocks. Supported by higher-than-expected growth and GEL strengthening, the government has lowered the public debt-to-GDP ratio projection to 51% 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. Fiscal support has already begun moderating, as fiscal expenditures grew by only 6.5% y-o-y in 2H21 (compared to 21% in 1H21), which, coupled with strong revenue performance (up 22% y-o-y in FY21), has lowered the overall fiscal deficit to GEL 3.8 billion in FY21, down 18% y-o-y. The deficit is planned to be cut to 2.8% of GDP by 2023, returning below the 3% ceiling within the mandated 3-year period. The National Bank of Georgia further tightened the refinancing rate by 50 basis points (bps) to 10.5% in December 2021, by a cumulative 250 bps during 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 13.9% in December (9.6% on average in 2021), temporarily boosted due to the last year's government utility subsidy base effect that will remain in play in the first two months of 2022 and is expected to decline gradually from this spring after the transitory effects subside and global supply-side pressures ease. The National Bank of Georgia expects the rate of inflation to reduce to below 4% during 2022.

Outlook. The strong management teams in our portfolio companies have clearly demonstrated their focus on navigating the challenges and opportunities created by the pandemic, and at group level Georgia Capital has continued to deliver on its key strategic priorities. Looking ahead, based on our sound governance, capital discipline, and proven capabilities to invest, grow and monetise businesses, I believe Georgia Capital is in a very good place to take advantage of emerging opportunities in Georgia and deliver consistent NAV per share growth.

Irakli Gilauri, Chairman and CEO

DISCUSSION OF GROUP RESULTS

The discussion below analyses the Group's unaudited net asset value at 31-Dec-21 and its income for the fourth quarter and full year period then ended on an IFRS basis (see "Basis of Presentation" on page 37 below).

Net Asset Value (NAV) Statement

NAV statement summarises the Group's IFRS equity value (which we refer to as Net Asset Value or NAV in the NAV Statement below) at the opening and closing dates for the fourth quarter (30-Sep-21 and 31-Dec-21). The NAV Statement below breaks down NAV into its components and provides a roll forward of the related changes between the reporting periods. For the NAV Statement for the full year of 2021 see page 36.

NAV STATEMENT 4Q21

GEL '000, unless otherwise noted *(Unaudited)*	Sep-21	1. Value creation[5]	2a. Investment	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Dec-21	Change %
Listed Portfolio Companies									
Bank of Georgia (BoG)	641,640	54,027	-	-	(14,481)	-	-	681,186	6.2%
Total Listed Portfolio Value	**641,640**	**54,027**	**-**	**-**	**(14,481)**	**-**	**-**	**681,186**	**6.2%**
Listed Portfolio value change %		***8.4%***	***0.0%***	***0.0%***	***-2.3%***	***0.0%***	***0.0%***	***6.2%***	
Private Portfolio Companies									
Large Companies	**2,245,284**	**168,502**	-	**-**	**(9,921)**	**-**	**3,399**	**2,407,264**	**7.2%**
Healthcare Services	*723,969*	*7,850*	-	-	-	-	-	*731,819*	*1.1%*
Retail (Pharmacy)	*617,626*	*92,759*	-	-	-	-	-	*710,385*	*15.0%*
Water Utility	*619,739*	*73,822*	-	-	-	-	*3,399*	*696,960*	*12.5%*
Insurance (P&C and Medical)	*283,950*	*(5,929)*	-	-	*(9,921)*	-	-	*268,100*	*-5.6%*
Of which, P&C Insurance	*216,435*	*4,991*	-	-	*(9,921)*	-	-	*211,505*	*-2.3%*
Of which, Medical Insurance	*67,515*	*(10,920)*	-	-	-	-	-	*56,595*	*-16.2%*
Investment Stage Companies	**336,599**	**(29,083)**	**900**	**-**	**(5,529)**	**-**	**249**	**303,136**	**-9.9%**
Renewable Energy	*209,134*	*(30,566)*	-	-	*(5,529)*	-	*249*	*173,288*	*-17.1%*
Education	*127,465*	*1,483*	*900*	-	-	-	-	*129,848*	*1.9%*
Other Companies	**245,972**	**(22,091)**	**266**	**-**	**-**	**-**	**498**	**224,645**	**-8.7%**
Total Private Portfolio Value	**2,827,855**	**117,328**	**1,166**	-	**(15,450)**	-	**4,146**	**2,935,045**	**3.8%**
Private Portfolio value change %		***4.1%***	***0.0%***	***0.0%***	***-0.5%***	***0.0%***	***0.1%***	***3.8%***	
Total Portfolio Value (1)	**3,469,495**	**171,355**	**1,166**	**-**	**(29,931)**	**-**	**4,146**	**3,616,231**	**4.2%**
Total Portfolio value change %		***4.9%***	***0.0%***	***0.0%***	***-0.9%***	***0.0%***	***0.1%***	***4.2%***	
Net Debt (2)	**(712,121)**	**-**	**(1,166)**	**(12,555)**	**29,931**	**(5,918)**	**(9,245)**	**(711,074)**	**-0.1%**
of which, Cash and liquid funds	*256,188*	-	*(1,166)*	*(12,555)*	*29,931*	*(5,918)*	*5,837*	*272,317*	*6.3%*
of which, Loans issued	*158,742*	-	-	-	-	-	*(4,528)*	*154,214*	*-2.9%*
of which, Gross Debt	*(1,127,051)*	-	-	-	-	-	*(10,554)*	*(1,137,605)*	*0.9%*
Net other assets/ (liabilities) **(3)**	5,470	-	-	-	-	(3,583)	(23,422)	(21,535)	NMF
of which, share-based comp.		-	-	-	-	*(3,583)*	*3,583*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,762,844**	**171,355**	**-**	**(12,555)**	**-**	**(9,501)**	**(28,521)**	**2,883,622**	**4.4%**
NAV change %		***6.2%***	***0.0%***	***-0.5%***	***0.0%***	***-0.3%***	***-1.0%***	***4.4%***	
Shares outstanding[5]	46,221,944	-	-	(469,582)	-	-	-	45,752,362	-1.0%
Net Asset Value per share, GEL	**59.77**	**3.71**	**0.00**	**0.34**	**0.00**	**(0.20)**	**(0.60)**	**63.03**	**5.5%**
NAV per share, GEL change %		***6.2%***	***0.0%***	***0.6%***	***0.0%***	***-0.3%***	***-1.0%***	***5.5%***	

NAV per share (GEL) increased by 5.5% in 4Q21, reflecting both value creation across our private portfolio companies and increased valuation of BoG with a positive 4.2 ppts and 2.0 ppts impact on the NAV per share, respectively. NAV per share growth was further supported by share buybacks - in line with the ongoing share buyback and cancellation programme (+0.6 ppts impact), and GEL's appreciation against US$, resulting in a foreign currency gain of GEL 5.1 million on GCAP net debt (+0.2 ppts impact). The NAV per share growth was slightly offset by a) GEL 22.0 million (US$ 7.1 million) one-off fees related to the disposal of an 80% interest in water utility business (-0.8 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 4.2% to GEL 3.62 billion in 4Q21, reflecting 3.8% and 6.2% growth in the values of our private and listed businesses, respectively. As of 31-Dec-21, the private portfolio value totalled GEL 2.94 billion (81.2% of total portfolio value), and the listed portfolio value totalled GEL 681.2 million (18.8% of total). The total portfolio value growth of GEL 146.7 million in 4Q21 mainly reflects the net impact of a) GEL 117.3 million and GEL 54.0 million value creation across the private and listed businesses, respectively, b) investments of GEL 1.2 million predominantly in the education business, and c) a decrease of GEL 29.9 million due to dividends paid to GCAP.

[5] Please see definition in glossary on page 38.

Sale of an 80% equity Interest in the Water Utility Business

In December 2021, we agreed to sell 80% of our equity interest in the water utility business to FCC Aqualia ("Aqualia") for a cash consideration of USD 180 million. The disposal is being implemented via a two-staged process that, after completion, will lead to Aqualia, acquiring an 80% equity interest in the water utility business.

- *Stage 1.* The first stage of the transaction, which was the initial sale of a 65% equity interest in Georgia Global Utilities JSC ("GGU"), a holding company for the GCAP's water utility business and the operational renewable energy assets, (representing an 80% economic interest in the water utility business) was successfully completed on 3 February 2022 with the receipt of full sale proceeds and transfer of the respective shares of GGU to Aqualia.
- *Stage 2.* The second stage of the transaction will follow the planned redemption in July 2022 of an existing bond issued by GGU that will be jointly financed by Aqualia and GCAP (the financing to be provided by GCAP, by way of a shareholder loan, being US$ 95.4 million). Following the bond redemption and subsequent demerger of the operational renewable energy assets via a spin-off, GCAP will recover full 100% ownership of GGU's renewable energy assets, and Aqualia's ownership in the water utility business will increase to 80%. The second stage of the transaction is expected to be completed during 3Q22.

GCAP and Aqualia have granted each other a put option and call option, respectively, over GCAP's remaining 20% equity interest in the water utility business. GCAP's put option will be exercisable in 2025-2026 while Aqualia's call option will be exercisable on the date of expiry of the put option in 2026 and expiring six months thereafter. The exercise price of the put and call options are set at 8.25x and 8.90x EV/EBITDA multiple, respectively, based on the normalized EBITDA and net debt of the business.

More details on the transaction are available on our website: https://georgiacapital.ge/ir/water-utility-disposal.

Value creation

The BoG share price increased by 7.3% during 4Q21, strongly supporting our NAV per share growth with GEL 54.0 million value creation. The value creation of GEL 117.3 million on the private portfolio mainly reflects a) a GEL 34.2 million operating performance-related increase in the value of our private assets, which delivered substantially increased y-o-y aggregated revenues (up 18.6% in 4Q21 and 23.8% in FY21, y-o-y) and EBITDA (up 8.2% in 4Q21 and 34.9% in FY21, y-o-y), b) a GEL 73.8 million uplift to Water Utility's equity value, resulting from marking of business value to the agreed sale price, c) a GEL 40.5 million uplift to the Retail (Pharmacy's) equity value reflecting the revaluation of the minority interest value following the renegotiated minority buyout terms, and d) a GEL 3.8 million positive net impact from changes in valuation multiples and foreign currency exchange rates. The value creation was partially offset by GEL 34.8 million negative impact from the mark down of investment in the 20MW power generating unit of Mestiachala HPP, which was flooded and taken offline in late July 2019. In line with the outcome of the comprehensive cost and feasibility assessment, the restoration process of the HPP has been suspended indefinitely.

The table below summarises value creation drivers in our businesses in 4Q21:

Portfolio Businesses	Operating Performance[6]	Greenfields / buy-outs / exits[7]	Multiple Change and FX[8]	Value Creation
GEL '000, unless otherwise noted *(Unaudited)*	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed				**54,027**
BoG				54,027
Private	**34,153**	**79,396**	**3,779**	**117,328**
Large Portfolio Companies	**52,292**	**114,323**	**1,887**	**168,502**
Healthcare Services	*26,416*	*-*	*(18,566)*	*7,850*
Retail (pharmacy)	*46,625*	*40,501*	*5,633*	*92,759*
Water Utility	*-*	*73,822*	*-*	*73,822*
Insurance (P&C and Medical)	*(20,749)*	*-*	*14,820*	*(5,929)*
Of which, P&C Insurance	*4,991*	*-*	*-*	*4,991*
Of which, Medical Insurance	*(25,740)*	*-*	*14,820*	*(10,920)*
Investment Stage Portfolio Companies	**5,311**	**(34,827)**	**433**	**(29,083)**
Renewable Energy	*(1,386)*	*(34,827)*	*5,647*	*(30,566)*
Education	*6,697*	*-*	*(5,214)*	*1,483*
Other	**(23,450)**	**(100)**	**1,459**	**(22,091)**
Total portfolio	**34,153**	**79,396**	**3,779**	**171,355**

[6] 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.
[7] Greenfields / buy-outs represent the difference between fair value and acquisition price in the first reporting period in which the business/greenfield project is no longer valued at acquisition price/cost. Exits represent the difference between the latest reported fair value and the value of the disposed asset (or assets in the process of disposal) assessed at a sale price.
[8] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.

Enterprise value and equity value development of our businesses in 4Q21 are summarised in the following table:

GEL '000, unless otherwise noted *(Unaudited)*	Enterprise Value (EV) 31-Dec-21	30-Sep-21	Change %	Equity Value 31-Dec-21	30-Sep-21	Change %	% share in total portfolio
Listed portfolio				**681,186**	**641,640**	**6.2%**	**18.8%**
BoG				681,186	641,640	6.2%	18.8%
Private portfolio	**4,628,048**	**4,639,462**	**-0.2%**	**2,935,045**	**2,827,855**	**3.8%**	**81.2%**
Large portfolio companies	**3,332,718**	**3,243,902**	**2.7%**	**2,407,264**	**2,245,284**	**7.2%**	**66.6%**
Healthcare Services	1,003,385	1,007,139	-0.4%	731,819	723,969	1.1%	20.2%
Retail (pharmacy)	952,269	916,449	3.9%	710,385	617,626	15.0%	19.6%
Water Utility	1,129,902	1,057,001	6.9%	696,960	619,739	12.5%	19.3%
Insurance (P&C and Medical)	247,162	263,313	-6.1%	268,100	283,950	-5.6%	7.4%
Of which, P&C Insurance	211,505	216,435	-2.3%	211,505	216,435	-2.3%	5.8%
Of which, Medical Insurance	35,657	46,878	-23.9%	56,595	67,515	-16.2%	1.6%
Investment stage portfolio companies	**568,195**	**627,439**	**-9.4%**	**303,136**	**336,599**	**-9.9%**	**8.4%**
Renewable Energy	428,248	488,323	-12.3%	173,288	209,134	-17.1%	4.8%
Education[9]	139,947	139,116	0.6%	129,848	127,465	1.9%	3.6%
Other	**727,135**	**768,121**	**-5.3%**	**224,645**	**245,972**	**-8.7%**	**6.2%**
Total portfolio				**3,616,231**	**3,469,495**	**4.2%**	**100.0%**

Listed businesses (18.8% of total portfolio value)

BOG (18.8% of total portfolio value) – In 4Q21, BoG delivered an annualised ROAE of 26.4% and strong 13.9% loan book growth y-o-y. The 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 strong economic recovery, in 4Q21, BoG's share price increased by 7.3% to GBP 16.68 at 31-Dec-21. In addition, GEL 14.5 million dividends were collected from the Bank in 4Q21 and, as a result, the market value of our equity stake in BoG increased by GEL 39.5 million to GEL 681.2 million. On 22 February 2022, the Bank announced its Board intention to recommend a final dividend for 2021 of GEL 2.33 per ordinary share at the Bank's 2022 Annual General Meeting. This will make a total dividend paid in respect of the Bank's 2021 earnings of GEL 3.81 per share. BoG's public announcement of their 4Q21 and FY21 results is available at:

https://www.bankofgeorgiagroup.com/results/earnings.

Private large portfolio companies (66.6% of total portfolio value)[10]

In 4Q21, valuation assessments of our large portfolio companies were performed by a third-party independent valuation firm, Kroll (formerly known as Duff & Phelps), in line with International Private Equity Valuation ("IPEV") guidelines. The independent valuation assessments, which serve as the basis for Georgia Capital's estimate of fair value, were performed by applying a combination of an income approach (DCF) and a market approach (listed peer multiples and, in some cases, precedent transactions). The independent valuations of the large portfolio companies are intended to provide additional transparency to our private portfolio valuation and are performed on a semi-annual basis. The water utility business was valued at the sale price in line with the terms of the disposal.

Healthcare Services (20.2% of total portfolio value) – Healthcare Services Enterprise Value (EV) remained largely flat at GEL 1,003.4 million in 4Q21 (down by 0.4% q-o-q). The rebounding trend of regular elective care and outpatient services continued in 4Q21 which translated into a 90.1% and 72.9% y-o-y increase in the number of admissions at hospitals and clinics, respectively, in 4Q21. This, coupled with the strong performance of the diagnostics business, led to 30.8% y-o-y growth in 4Q21 revenues. EBITDA (ex. IFRS 16) increased by 7.6% y-o-y in 4Q21. The y-o-y EBITDA growth reflects negative impact from the absence of state income tax subsidy for low salary range employees, effective from May 2020 till June 2021, and one-off gains recorded in other operating income in 4Q20. See page 14 for details. LTM EBITDA (incl. IFRS 16)[11] increased by 1.6% to GEL 97.4 million in 4Q21. Net debt (incl. financial lease liabilities) also improved in 4Q21 (down 7.6% q-o-q to GEL 226.9 million), reflecting the robust operating cash flow developments, partially utilised to reduce the gross debt (including financial lease liabilities) balance. As a result, the equity value of the business was assessed at GEL 731.8 million, up 1.1% q-o-q in 4Q21, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 10.3x at 31-Dec-21 (10.5x at 30-Sep-21).

Retail (Pharmacy) (19.6% of total portfolio value) – Retail (Pharmacy) EV increased by 3.9% to GEL 952.3 million in 4Q21. Revenues were up by 7.6% y-o-y in 4Q21, reflecting a launch of new pharmacies and organic sales growth, resulting from an overall improvement in the Georgian macroeconomic environment. EBITDA (excl. IFRS 16) was up 10.5% y-o-y in 4Q21. See page 16 for details. LTM EBITDA (incl. IFRS 16) was up 3.3% to GEL 102.9 million in 4Q21. Net debt (incl. financial lease liabilities) was down by 12.2% q-o-q to GEL 118.4 million, reflecting an increased cash balance supported by the strong revenue growth of the business and improved collection of receivables during the quarter. The result was GEL 92.8 million value creation in 4Q21, which also included a GEL 40.5 million positive impact from the revaluation of the minority interest value following the

[9] Enterprise value is presented excluding non-operational assets, added to the equity value of the education business at cost.
[10] Please read more about valuation methodology on pages 37 in "Basis of presentation".
[11] adjusted to exclude HTMC hospital, sold in August 2020.

renegotiated buyout terms. Consequently, the equity value of GCAP's 67% holding as of 31-Dec-21 increased by 15.0% to GEL 710.4 million in 4Q21. The implied LTM EV/EBITDA (incl. IFRS16) valuation multiple was 9.3x (up from 9.2x as of 30-Sep-21).

Water Utility (19.3% of total portfolio value) – In 4Q21, Water Utility was valued at the sale price agreed with Aqualia. The consideration of US$ 180 million for an 80% interest in the Water Utility translates into a US$ 225 million (GEL 697.0 million) valuation for a 100% stake of the business. The implied LTM EV/EBITDA valuation multiple was 8.9x as at 31-Dec-21 (down from 9.0x as at 30-Sep-21). The operational performance of the business during the quarter was robust. Revenue increased by 62.1% y-o-y in 4Q21, leading to a 158.5% y-o-y increase in EBITDA. See page 18 for details. LTM EBITDA, previously used in Water Utility's multiple-based and DCF valuation, amounted to GEL 128.1 million as at 31-Dec-21 (up 9.1% q-o-q). Net debt decreased by 1.0% to GEL 432.9 million and EV was up by 6.9% to GEL 1,129.9 million, q-o-q in 4Q21.

Insurance (P&C and Medical) (7.4% of total portfolio value) – The insurance business combines: a) P&C Insurance valued at GEL 211.5 million and b) Medical Insurance valued at GEL 56.6 million.
<u>P&C Insurance</u> – Net premiums earned increased by 27.2% y-o-y to GEL 24.4 million in 4Q21, mainly reflecting the growth in the motor insurance line on the back of a boost in the retail client portfolio. The expense ratio was down by 5.8 ppts y-o-y in 4Q21, reflecting revenue growth and the well-controlled operating cost base of the business. The combined ratio stood at 79.5% in 4Q21, an improvement of 0.4 ppts y-o-y. Consequently, net income was up 4.1% y-o-y to GEL 5.2 million in 4Q21. See page 19 for details. LTM net income[12] was down by 2.3% to GEL 17.6 million in 4Q21. The business paid GEL 9.9 million dividends in 4Q21. Consequently, the equity value of the P&C insurance business was assessed at GEL 211.5 million at 31-Dec-21 (down 2.3% q-o-q). The implied LTM P/E valuation multiple remained unchanged at 12.0x in 4Q21.
<u>Medical Insurance</u> – Net premiums earned increased by 1.5% y-o-y to GEL 18.3 million in 4Q21, predominantly driven by an increase in the prices of insurance policies. The net claims expenses were also up by 16.7% y-o-y in 4Q21, in line with the rebounding trend of elective healthcare services. As a result, the net income of the medical insurance business was down 74.3% y-o-y in 4Q21. See page 19 for details. LTM net income was down by 31.3% to GEL 3.8 million in 4Q21, and the equity value of the business was assessed at GEL 56.6 million at 31-Dec-21 (down 16.2% q-o-q). The implied LTM P/E valuation multiple was at 15.0x in 4Q21 (up from 12.3x in 3Q21).

<u>*Private investment stage businesses (8.4% of total portfolio value)*</u>

Renewable Energy (4.8% of total portfolio value) – The business is valued internally, based on a sum of the parts (EV/EBITDA and replacement cost). Enterprise value was down 12.3% to GEL 428.2 million in 4Q21. Revenues and EBITDA were up 29.8% and 65.8% y-o-y in 4Q21, respectively, reflecting a 38.4% y-o-y increase of the generation levels at the power assets. See page 22 for details. 4Q21 valuation of the business reflects GEL 34.8 million negative impact from the mark down of investment in the 20MW power generating unit of Mestiachala HPP, which was flooded and taken offline in late July 2019. In line with the outcome of the comprehensive cost and feasibility assessment, the restoration process of the HPP has been suspended indefinitely. 30MW Mestiachala HPP, previously valued at cost, was valued based on LTM EV/EBITDA for the first time in 4Q21. The pipeline renewable energy projects continued to be measured at an equity investment cost of GEL 43.6 million in aggregate. Net debt decreased by GEL 24.2 million to GEL 255.0 million in 4Q21. The business paid GEL 5.5 million dividends in 4Q21 and as a result, the equity value of the business was assessed at GEL 173.3 million in 4Q21 (down by 17.1% q-o-q).

Education (3.6% of total portfolio value) – The business is valued internally, based on LTM EV/EBITDA. Education EV increased by 0.6% to GEL 139.9[13] million in 4Q21. Revenues and EBITDA were up by 33.6% and 16.8% y-o-y in 4Q21, respectively, reflecting an expansion into the affordable education segment and an increase in average tuition revenue per learner and total enrollments during the quarter. In 4Q21, GCAP invested GEL 0.9 million in the education business, predominantly for the capacity expansion of the existing campus of Buckswood (mid-scale segment). See page 23 for details. Revenues in the premium schools are denominated in foreign currency. The currency-adjusted LTM EBITDA was up by 0.6% to GEL 11.2 million and net debt was down by 5.2% to GEL 8.4 million in 4Q21. As a result, the education business was valued at GEL 129.8 million in 4Q21 (up 1.9% q-o-q). The valuation multiple remained unchanged at 12.5x in 4Q21.

<u>*Other businesses (6.2% of total portfolio value)*</u> - 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 the real estate development (DCF) and hospitality and commercial real estate businesses (NAV). See performance highlights of other businesses on page 25-26. The portfolio had a combined value of GEL 224.6 million at 31-Dec-21, down by 8.7% in 4Q21. The value reduction of GEL 22.1 million reflects the net impact of a) GEL 15.6 million aggregated value reduction of the housing development, hospitality and commercial real estate businesses, the latter reflecting decreased revenue streams, associated with the divestment of a significant portion of commercial real estate assets, where proceeds were used to fully repay the outstanding $30 million bonds in 4Q21 and b) GEL 9.6 million value reduction in the beverages business, predominantly resulting from the operating performance-related decrease in the value of the wine business, which was

[12] Adjusted for non-recurring items.
[13] Excluding non-operational assets, added to the equity value of the education business at cost.

impacted by changes in product mix and unfavourable seasonal conditions on the crop production. The value reduction across the other portfolio was partially offset by a GEL 5.2 million value creation in the auto services business in 4Q21.

2) Investments[14]

In 4Q21, GCAP's investments amounted to GEL 1.2 million, of which GEL 0.9 million was allocated to our education business, predominantly for the capacity expansion of the existing campus of Buckswood (mid-scale segment).

3) Share buybacks

Under the US$ 10 million share buyback and cancellation programme, commenced in August 2021, 469,582 shares with the total value of GEL 12.6 million (US$ 4.0 million) were repurchased and cancelled in 4Q21. In January 2022, the Board approved an increase in the ongoing buyback and cancellation programme of an additional US$ 5 million. The programme continues for the 12-month period beginning 10 August 2021.

4) Dividends[14]

In 4Q21, Georgia Capital received GEL 29.9 million dividends in aggregate from the portfolio companies, of which:

- GEL 14.5 million was collected from the Bank of Georgia,
- GEL 9.9 million was collected from P&C Insurance,
- GEL 5.5 million was collected from Renewable Energy.

Net debt overview

Below we describe the components of net debt as of 31 December 2021 and as of 30 September 2021:

GEL '000, unless otherwise noted *(Unaudited)*	31-Dec-21	30-Sep-21	Change
Cash at banks	132,580	135,928	-2.5%
Internationally listed debt securities	137,215	113,090	21.3%
Locally listed debt securities	2,522	7,170	-64.8%
Loans issued	154,214	158,742	-2.9%
Total cash and liquid funds (a)	**426,531**	**414,930**	**2.8%**
Gross debt (b)	**(1,137,605)**	**(1,127,051)**	**0.9%**
Net debt (a)+(b)	**(711,074)**	**(712,121)**	**-0.1%**

Cash and liquid funds. Total cash and liquid funds were up 2.8% q-o-q to GEL 426.5 million in 4Q21. A 2.5% decrease in the cash balance mainly reflects the net impact of a) dividend and interest receipt of GEL 29.9 million and GEL 7.9 million, respectively, b) GEL 12.6 million buybacks in line with the ongoing share buyback and cancellation programme, c) increased investments in internationally listed debt securities (up by 21.3% q-o-q in 4Q21), mainly attributable to the repurchase of GCAP's Eurobonds. Internationally listed debt securities mostly include dollar-denominated Eurobonds issued by Georgian corporates. The issued loan balance primarily refers to loans issued to our private portfolio companies, which are on-lent at market terms. GCAP's liquidity, inclusive of issued loans, remained high at GEL 426.5 million (US$ 137.7 million).

Gross debt. At 31-Dec-21, the outstanding balance of US$ 365 million six-year Eurobonds due in March 2024 was GEL 1,137.6 million (up 0.9% q-o-q). Gross debt increase was driven by a GEL 20.4[15] million coupon accrual, partly offset by foreign exchange gain of GEL 9.8[14] million from GEL appreciation against US$.

Net debt. Net debt remained largely flat at GEL 711.1 million in 4Q21 (down 0.1% q-o-q), reflecting a) investments of GEL 1.2 million, b) share buybacks of GEL 12.6 million, c) GCAP cash operating expenses of GEL 5.9 million, and d) net interest expense and fair value losses on liquid funds, in aggregate, of GEL 16.2 million. The impact was almost fully offset by GEL 29.9 million dividends received from the portfolio companies and a foreign exchange gain of GEL 5.1 million in 4Q21.

[14] Investments are made and dividends are received at JSC Georgia Capital level, the Georgian holding company.
[15] FX, coupon payment and coupon accrual are included in Liquidity Management /FX/Other column in NAV statement.

FY21 NAV STATEMENT HIGHLIGHTS[16]

GEL '000, unless otherwise noted (Unaudited)	Dec-20	1. Value creation[17]	2a. Investment	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Dec-21	Change %
Total Listed Portfolio Value	**531,558**	**164,109**	**-**	**-**	**(14,481)**	**-**	**-**	**681,186**	**28.1%**
Listed Portfolio value change %		***30.9%***	***0.0%***	***0.0%***	***-2.7%***	***0.0%***	***0.0%***	***28.1%***	
Total Private Portfolio Value	**2,376,130**	**592,327**	**18,296**	**-**	**(59,881)**	**-**	**8,173**	**2,935,045**	**23.5%**
Of which, Large Companies	1,858,237	583,852	-	-	(39,881)	-	5,056	2,407,264	29.5%
Of which, Investment Stage Companies	302,964	1,632	17,415	-	(20,000)	-	1,125	303,136	0.1%
Of which, Other Companies	214,929	6,843	881	-	-	-	1,992	224,645	4.5%
Private Portfolio value change %		***24.9%***	***0.8%***	***0.0%***	***-2.5%***	***0.0%***	***0.3%***	***23.5%***	
Total Portfolio Value (1)	**2,907,688**	**756,436**	**18,296**	**-**	**(74,362)**	**-**	**8,173**	**3,616,231**	**24.4%**
Total Portfolio value change %		***26.0%***	***0.6%***	***0.0%***	***-2.6%***	***0.0%***	***0.3%***	***24.4%***	
Net Debt (2)	**(697,999)**	**-**	**(18,296)**	**(25,089)**	**74,362**	**(21,852)**	**(22,200)**	**(711,074)**	**1.9%**
Net Asset Value (1)+(2)	**2,212,292**	**756,436**	**-**	**(25,089)**	**-**	**(36,485)**	**(23,532)**	**2,883,622**	**30.3%**
NAV change %		***34.2%***	***0.0%***	***-1.1%***	***0.0%***	***-1.6%***	***-1.1%***	***30.3%***	
Shares outstanding[17]	45,977,247	-	-	(942,744)	-	-	717,859	45,752,362	-0.5%
Net Asset Value per share, GEL	**48.12**	**16.45**	**(0.00)**	**0.45**	**(0.00)**	**(0.80)**	**(1.18)**	**63.03**	**31.0%**
NAV per share, GEL change %		***34.2%***	***0.0%***	***0.9%***	***0.0%***	***-1.7%***	***-2.5%***	***31.0%***	

In FY21, NAV per share (GEL) increased by 31.0%, reflecting a) GEL 164.1 million value creation in our listed asset, BoG, with a positive 7.4 ppts impact, b) GEL 592.3 million value creation across our private portfolio companies with a positive 26.8 ppts impact, c) share buybacks - in line with the ongoing share buyback and cancellation programme (+0.9 ppts impact), and d) GEL's appreciation against US$ by 5.8%, resulting in a foreign currency gain of GEL 39.6 million on GCAP net debt (+1.8 ppts impact). These positive NAV per share growth contributors were partially offset by a number of items, including management platform related costs (-1.7 ppts impact), net interest expense (-2.5 ppts impact) and one-off fees related to the disposal of an 80% interest in water utility business (-1.0 ppts impact).

The value creation in our private portfolio was the largest contributor to the NAV per share growth in FY21:

- The outstanding performance of our large portfolio companies translated into GEL 583.9 million value creation and 26.4 ppts NAV per share growth, where water utility, healthcare services, and retail (pharmacy) businesses contributed to the growth by 10.0 ppts, 7.8 ppts and 7.6 ppts, respectively (+25.4 ppts impact in aggregate).
- Value creation in the investment stage and other portfolio companies amounted to GEL 8.5 million in aggregate (+0.4 ppts impact).

Portfolio overview

Our portfolio value increased by 24.4% to GEL 3.62 billion in FY21, reflecting 23.5% and 28.1% growth in the value of our private and listed businesses, respectively. The private portfolio value growth of GEL 558.9 million mainly reflects the net impact of a) GEL 592.3 million value creation, b) investments of GEL 18.3 million predominantly in Education and Renewable Energy, and c) a decrease of GEL 59.9 million due to dividends received from the private portfolio companies at the GCAP level.

1) Value creation

BoG share price during 2021 increased by 36.7%, strongly supporting NAV growth with GEL 164.1 million value creation. The value creation of GEL 592.3 million on the private portfolio mainly reflects a) a GEL 654.7 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) valuation of Water Utility business at the sale price and revaluation of the minority interest in Retail (Pharmacy) with GEL 114.3 million positive impact in aggregate. The value creation was partially offset by the markdown of investment in the 20MW power generating unit of Mestiachala HPP and a GEL 143.8 value decrease due to changes in valuation multiples and foreign currency exchange rates.

[16] The detailed FY21 NAV statement is included in appendix on page 36.
[17] Please see definition in glossary on page 38.

The table below summarises value creation drivers in our businesses in FY21:

Portfolio Businesses	Operating Performance[18]	Greenfields / buy-outs / exits[19]	Multiple Change and FX[20]	Value Creation
GEL '000, unless otherwise noted *(Unaudited)*	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed				**164,109**
BoG				164,109
Private	**654,728**	**81,374**	**(143,775)**	**592,327**
Large Portfolio Companies	**606,405**	**114,323**	**(136,876)**	**583,852**
Healthcare Services	*349,174*	*-*	*(177,466)*	*171,708*
Retail (pharmacy)	*105,706*	*40,501*	*22,893*	*169,100*
Water Utility	*167,957*	*73,822*	*(20,600)*	*221,179*
Insurance (P&C and Medical)	*(16,432)*	*-*	*38,297*	*21,865*
Of which, P&C Insurance	*21,338*	*-*	*6,821*	*28,159*
Of which, Medical Insurance	*(37,770)*	*-*	*31,476*	*(6,294)*
Investment Stage Portfolio Companies	**28,198**	**(32,234)**	**5,668**	**1,632**
Renewable Energy	*5,917*	*(33,249)*	*5,869*	*(21,463)*
Education	*22,281*	*1,015*	*(201)*	*23,095*
Other	**20,125**	**(715)**	**(12,567)**	**6,843**
Total portfolio	**654,728**	**81,374**	**(143,775)**	**756,436**

Enterprise value and equity value development of our businesses in FY21 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted (Unaudited)	31-Dec-21	31-Dec-20	Change %	31-Dec-21	31-Dec-20	Change %	% Share in total portfolio
Listed portfolio				**681,186**	**531,558**	**28.1%**	**18.8%**
BoG				681,186	531,558	28.1%	18.8%
Private portfolio	**4,628,048**	**4,333,143**	**6.8%**	**2,935,045**	**2,376,130**	**23.5%**	**81.2%**
Large portfolio companies	**3,332,718**	**2,846,664**	**17.1%**	**2,407,264**	**1,858,237**	**29.5%**	**66.6%**
Healthcare Services	1,003,385	836,918	19.9%	731,819	571,656	28.0%	20.2%
Retail (pharmacy)	952,269	835,876	13.9%	710,385	552,745	28.5%	19.6%
Water Utility	1,129,902	930,892	21.4%	696,960	471,148	47.9%	19.3%
Insurance (P&C and Medical)	247,162	242,978	1.7%	268,100	262,688	2.1%	7.4%
Of which, P&C Insurance	211,505	197,806	6.9%	211,505	197,806	6.9%	5.8%
Of which, Medical Insurance	35,657	45,172	-21.1%	56,595	64,882	-12.8%	1.6%
Investment stage portfolio companies	**568,195**	**608,298**	**-6.6%**	**303,136**	**302,964**	**0.1%**	**8.4%**
Renewable Energy	428,248	489,269	-12.5%	173,288	209,902	-17.4%	4.8%
Education[21]	139,947	119,029	17.6%	129,848	93,062	39.5%	3.6%
Other	**727,135**	**878,181**	**-17.2%**	**224,645**	**214,929**	**4.5%**	**6.2%**
Total portfolio				**3,616,231**	**2,907,688**	**24.4%**	**100.0%**

2) Investments[22]

In FY21, GCAP invested GEL 18.3 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 13.7 million was allocated to the education business for the capacity expansion of the existing campus of Buckswood (mid-scale segment, GEL 4.0 million), the acquisition of the land and building of a new campus location, and capacity expansion of the existing campus of Green School (affordable segment, GEL 5.8 million), and the acquisition of an 81%[23] equity interest in Georgian-Austrian School Pesvebi (GEL 3.9 million).

3) Buybacks

During 2021, 942,744 shares were bought back for a total consideration of GEL 25.1 million. 823,582 shares were repurchased under the ongoing share buyback and cancellation programme and 119,162 shares for the management trust. The total value of shares repurchased through the buyback and cancellation programme amounted to GEL 21.8 million (US$ 7.0 million) in

[18] Change in the fair value attributable to the change in actual or expected earnings of the business, as well as the change in net debt.
[19] Greenfields / buy-outs represent the difference between fair value and acquisition price in the first reporting period in which the business/greenfield project is no longer valued at acquisition price/cost. Exits represent the difference between the latest reported fair value and the value of the disposed asset (or assets in the process of disposal) assessed at a sale price.
[20] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[21] Enterprise value is presented excluding non-operational assets, added to the equity value of the education business at cost.
[22] Investments are made 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.

FY21. As of 21-Feb-22, a total of 1,312,330 shares with the value of GEL 35.5 million (US$ 11.4 million) have been repurchased under the buyback programme, beginning 10 August 2021.

4) Dividends[24]

In FY21, Georgia Capital collected GEL 74.4 million dividends, of which GEL 14.5 million was received from BoG, GEL 11.5 million from healthcare services, GEL 11.5 million from retail (pharmacy), GEL 14.9 million from P&C insurance, GEL 2.0 million from medical insurance, and GEL 20.0 million from the renewable energy businesses.

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 15.8% to GEL 1,137.6 million in FY21. The tap issuance also translated into improved liquidity, which coupled with robust dividend income, led to an increase in total cash and liquid funds balance up 50.0% to GEL 426.5 million at 31 December 2021. Overall, the net debt remained largely flat in FY21 (up 1.9% from 31 December 2020) and was impacted by a) investments of GEL 18.3 million, b) share buybacks of GEL 25.1 million, c) GCAP cash operating expenses of GEL 21.9 million, and d) net interest expense and fair value losses on liquid funds, in aggregate, of GEL 55.4 million. The impact was largely offset by GEL 74.4 million dividends received from the portfolio companies and foreign exchange gain of GEL 39.6 million in FY21.

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

GEL '000, unless otherwise noted (Unaudited)	**31-Dec-21**	**31-Dec-20**	**Change**
Cash at banks	132,580	160,536	-17.4%
Internationally listed debt securities	137,215	14,098	NMF
Locally listed debt securities	2,522	655	NMF
Loans issued	154,214	108,983	41.5%
Total Cash and liquid funds (a)	**426,531**	**284,272**	**50.0%**
Gross Debt (b)	**(1,137,605)**	**(982,271)**	**15.8%**
Net debt (a)+(b)	**(711,074)**	**(697,999)**	**1.9%**

[24] Dividends are received at JSC Georgia Capital level, the Georgian holding company.

INCOME STATEMENT (ADJUSTED IFRS / APM)

Net income under IFRS was GEL 133.2 million in 4Q21 (GEL 692.9 million in FY21). 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 December 31 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. A full reconciliation of the adjusted income statement to the IFRS income statement is provided on page 27.

INCOME STATEMENT (Adjusted IFRS/APM)

GEL '000, unless otherwise noted *(Unaudited)*	4Q21	4Q20	Change	FY21	FY20	Change
Dividend income	29,931	14,972	99.9%	74,362	29,870	NMF
Interest income	6,255	4,307	45.2%	23,140	20,957	10.4%
Realised / unrealised (loss) / gain on liquid funds	(2,110)	1,119	NMF	(1,142)	(2,984)	-61.7%
Interest expense	(20,353)	(16,537)	23.1%	(77,392)	(62,478)	23.9%
Gross operating income/(loss)	**13,723**	**3,861**	**NMF**	**18,968**	**(14,635)**	**NMF**
Operating expenses	(9,501)	(9,109)	4.3%	(36,484)	(32,136)	13.5%
GCAP net operating income/(loss)	**4,222**	**(5,248)**	**NMF**	**(17,516)**	**(46,771)**	**-62.5%**
Fair value changes of portfolio companies						
Listed portfolio companies	**39,546**	**171,458**	**-76.9%**	**149,628**	**(261,524)**	**NMF**
Of which, Georgia Healthcare Group PLC	*-*	*-*	*NMF*	*-*	*(195,347)*	*NMF*
Of which, Bank of Georgia Group PLC	*39,546*	*171,458*	*-76.9%*	*149,628*	*(66,177)*	*NMF*
Private portfolio companies	**101,878**	**323,699**	**-68.5%**	**532,446**	**711,139**	**-25.1%**
Large Portfolio Companies	**158,581**	**312,198**	**-49.2%**	**543,971**	**834,602**	**-34.8%**
Of which, Healthcare Services	*7,850*	*98,156*	*-92.0%*	*160,163*	*393,797*	*-59.3%*
Of which, Retail (pharmacy)	*92,759*	*77,745*	*19.3%*	*157,640*	*374,322*	*-57.9%*
Of which, Water Utility	*73,822*	*58,614*	*25.9%*	*221,179*	*(14,567)*	*NMF*
Of which, Insurance (P&C and Medical)	*(15,850)*	*77,683*	*NMF*	*4,989*	*81,050*	*-93.8%*
Investment Stage Portfolio Companies	**(34,612)**	**20,481**	**NMF**	**(18,368)**	**93,803**	**NMF**
Of which, Renewable energy	*(36,095)*	*8,185*	*NMF*	*(41,463)*	*57,242*	*NMF*
Of which, Education	*1,483*	*12,296*	*-87.9%*	*23,095*	*36,561*	*-36.8%*
Other businesses	**(22,091)**	**(8,980)**	**NMF**	**6,843**	**(217,266)**	**NMF**
Total investment return	**141,424**	**495,157**	**-71.4%**	**682,074**	**449,615**	**51.7%**
Income before foreign exchange movements and non-recurring expenses	**145,646**	**489,909**	**-70.3%**	**664,558**	**402,844**	**65.0%**
Transaction costs	(21,995)	-	NMF	(21,995)	-	NMF
Net foreign currency gain/(loss)	5,132	(14,421)	NMF	39,615	(90,943)	NMF
Non-recurring expenses	(539)	(166)	NMF	(785)	(3,389)	-76.8%
Net Income	**128,244**	**475,322**	**-73.0%**	**681,393**	**308,512**	**NMF**

GCAP's results reflect its gross operating income (loss) and its operating expenses and show modest GEL 4.2 million in net operating income in 4Q21 and a reduced loss in FY21 compared to the prior year.

The gross operating income was GEL 13.7 million in 4Q21 (up from GEL 3.9 million in 4Q20) and up by GEL 33.6 million y-o-y to GEL 19.0 million in FY21. The improvement was mainly driven by increased dividend inflows from the portfolio companies. The dividend income by business is presented in the table below:

Dividends Received by Portfolio Company

GEL '000, unless otherwise noted	4Q21	4Q20	Change	FY21	FY20	Change
Bank of Georgia	14,481	-	NMF	14,481	-	NMF
Healthcare Services	-	-	-	11,545	-	NMF
Retail (Pharmacy)	-	-	-	11,460	-	NMF
Water Utility	-	10,000	NMF	-	15,000	NMF
P&C Insurance	9,921	4,972	99.5%	14,881	9,943	49.7%
Medical Insurance	-	-	-	1,995	-	NMF
Renewable Energy	5,529	-	NMF	20,000	4,927	NMF
Total dividend income	**29,931**	**14,972**	**99.9%**	**74,362**	**29,870**	**149.0%**

The increase in net interest expense to GEL 14.1 million and GEL 54.3 million in 4Q21 and FY21 at the GCAP level, respectively (GEL 12.2 million in 4Q20 and GEL 41.5 million in FY20) partially offset the increased dividend inflows. The Eurobond tap issuance of $65 million on 16-Mar-21 led to an increase in interest expense, up 23.1% and 23.9% y-o-y in 4Q21 and FY21, respectively, which was not offset by the increase in interest income. GCAP earned an average yield of 5.4% on the average balance of liquid assets and issued loans of GEL 384.1 million in FY21 (6.7% on GEL 277.3 million in FY20).

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

GCAP Operating Expenses Components

GEL '000, unless otherwise noted (unaudited)	**4Q21**	**4Q20**	**Change**	**FY21**	**FY20**	**Change**
Administrative expenses[25]	(2,927)	(2,933)	-0.2%	(11,380)	(10,477)	8.6%
Management expenses - cash-based[26]	(2,991)	(2,969)	0.7%	(10,471)	(8,978)	16.6%
Management expenses - share-based[27]	(3,583)	(3,207)	11.7%	(14,633)	(12,681)	15.4%
Total operating expenses	**(9,501)**	**(9,109)**	**4.3%**	**(36,484)**	**(32,136)**	**13.5%**
Of which, fund type expense[28]	(3,192)	(3,093)	3.2%	(12,541)	(11,030)	13.7%
Of which, management fee[29]	(6,309)	(6,016)	4.9%	(23,943)	(21,106)	13.4%

GCAP management fee expenses have a self-targeted cap of 2% of Georgia Capital's market capitalisation. The LTM management fee expense ratio was 1.7% at 31-Dec-21 (1.8%[30] as of 31-Dec-20). The total LTM operating expense ratio (which includes fund type expenses) was 2.6% at 31-Dec-21 (2.8%[30] at 31-Dec-20).

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total investment return was GEL 141.4 million in 4Q21 and GEL 682.1 million in FY21, 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 6-8. The performance of each of our private, large and investment stage portfolio companies is discussed on pages 14-24.

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$ 252 million (GEL 781 million) at 31-Dec-21. Net foreign currency gain was GEL 5.1 million and 39.6 million, respectively, in 4Q21 and FY21. As a result of the movements described above, GCAP's adjusted IFRS *net income* was GEL 128.2 million in 4Q21 and GEL 681.4 million in FY21.

[25] Includes expenses such as external audit fees, legal counsel, corporate secretary and other similar administrative costs.
[26] Cash-based management expenses are cash salary and cash bonuses paid/accrued for staff and management compensation.
[27] Share-based management expenses are share salary and share bonus expenses of management and staff.
[28] Fund type expenses include expenses such as audit and valuation fees, fees for legal advisors, Board compensation and corporate secretary costs.
[29] Management fee is the sum of cash-based and share-based operating expenses (excluding fund-type costs).
[30] FY21 and FY20 ratios are calculated based on period-end market capitalization due to significant price fluctuations during the respective periods in light of COVID-19.

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

The following sections present the IFRS results and business development extracted from the individual portfolio company's IFRS accounts for large and investment stage entities, where 2021 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 37 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 31-Dec-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".

4Q21 & FY21 performance (GEL '000), Healthcare Services[31,32]

(Unaudited)

INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Revenue, net[33]	**110,561**	**84,497**	**30.8%**	**406,230**	**283,447**	**43.3%**
Gross Profit	**42,121**	**31,245**	**34.8%**	**166,685**	**111,919**	**48.9%**
Gross profit margin	*37.5%*	*36.8%*	*0.7 ppts*	*40.6%*	*39.2%*	*1.4 ppts*
Operating expenses (ex. IFRS 16)	(19,877)	(10,565)	88.1%	(71,149)	(50,093)	42.0%
EBITDA (ex. IFRS 16)	**22,244**	**20,680**	**7.6%**	**95,536**	**61,826**	**54.5%**
EBITDA margin (ex. IFRS 16)	*19.8%*	*24.3%*	*-4.5ppts*	*23.3%*	*21.6%*	*1.7ppts*
Net profit/(loss) (ex. IFRS 16)	**5,858**	**3,664**	**59.9%**	**35,238**	**(11,210)**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**24,726**	**7,933**	**211.7%**	**78,379**	**80,955**	**-3.2%**
EBITDA to cash conversion (ex. IFRS 16)	*111.2%*	*38.4%*	*72.8ppts*	*82.0%*	*130.9%*	*-48.9ppts*
Cash flow from/used in investing activities[34]	**(5,208)**	**(7,698)**	-32.3%	**(38,347)**	**3,447**	**NMF**
Dividends and intersegment loans issued/received	**7,973**	**6,726**	18.5%	**32,513**	**13,309**	**NMF**
Free cash flow (ex. IFRS 16)[35]	**17,944**	**(329)**	**NMF**	**36,331**	**83,228**	**-56.3%**
Cash flow from financing activities (ex. IFRS 16)	**(26,444)**	**(12,143)**	**NMF**	**(111,994)**	**(15,169)**	**NMF**

BALANCE SHEET HIGHLIGHTS	31-Dec-21	30-Sep-21	Change	31-Dec-20	Change
Total assets	**847,671**	**907,286**	**-6.6%**	**899,391**	**-5.8%**
Of which, cash balance and bank deposits	52,423	51,471	1.8%	93,721	-44.1%
Of which, securities and loans issued	4,241	4,128	2.7%	7,133	-40.5%
Total liabilities	**483,348**	**503,077**	**-3.9%**	**510,079**	**-5.2%**
Of which, borrowings	263,161	280,052	-6.0%	312,036	-15.7%
Total equity	**364,323**	**404,209**	**-9.9%**	**389,312**	**-6.4%**

KEY POINTS / VALUATION DRIVERS

- Revenues up 30.8% y-o-y in 4Q21 and up 43.3% y-o-y in FY21, reflecting rebounding demand for regular elective care and outpatient services
- Strong revenue trend combined with a well-controlled direct cost base translated into the gross profit growth, up 34.8% in 4Q21 and up 48.9% in FY21 y-o-y, respectively

[31] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results. See reconciliation to IFRS 16 on page 29

[32] All numbers in income statement and cash flow statement are adjusted to exclude HTMC hospital, sold in August 2020.

[33] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.

[34] Of which – capex of GEL 10.2 million in 4Q21 (GEL 8.3 million in 4Q20) and GEL 33.4 million in FY21 (GEL 24.6 million in FY20); acquisition of subsidiaries / payment of holdback of GEL 12.1 million in FY21 (GEL 5.9 million in FY20); net proceeds from sale of an associate of GEL 3.4 million in 4Q21 and FY21 (net proceeds from sale of subsidiary of GEL 32.8 million in FY20, (HTMC hospital – sold in August 2020)).

[35] Operating cash flows less capex, less acquisition of subsidiaries / payment of holdback, plus net proceeds on sale of subsidiaries/associates.

- EBITDA margin (excl. IFRS 16) was down 4.5 ppts y-o-y in 4Q21 (up 1.7 ppts y-o-y in FY21), reflecting a base effect of a state income tax subsidy for low salary range employees and one-off gains recorded in other operating income in 4Q20
- Excluding the impact of state income tax subsidy and other operating income, EBITDA margin (excl. IFRS 16) was up by 4.2 ppts y-o-y in 4Q21 and up 6.3 ppts y-o-y in FY21
- 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 2H21. Consequently, operating cash was up 211.7% y-o-y in 4Q21, translating into 111.2% EBITDA to cash conversion rate (excl. IFRS 16)
- Net debt was down 8.0% in 4Q21 (down 2.2% in FY21) to GEL 206.5 million as of 31-Dec-21, reflecting strong cash flow generation of the business
- As announced in October 2021, GHG signed a contract to gradually acquire 33% interest in its retail (pharmacy) business. The goodwill arising on the acquisition comprises GEL 50.4 million, however, since International Financial Reporting Standards ("IFRS") does not allow recognition of goodwill on minority acquisitions, the transaction resulted in a respective decrease of equity (as instructed per IFRS)
- GEL 11.5 million dividends[36] paid to GCAP in FY21

INCOME STATEMENT HIGHLIGHTS

The healthcare services business continues to be actively engaged in supporting the COVID-19 pandemic response in Georgia. 7 of our hospitals and 12 of our clinics continue receiving COVID patients, with a total aggregate number of c.1,040 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 4Q21 and FY21, outpacing even 2019 numbers.

- At our hospitals, the occupancy rate was up by 9.5 ppts to 69.6% in 4Q21 and up by 12.2 ppts to 65.3% in FY21 y-o-y. Increased demand for elective and outpatient services also increased the number of admissions (including outpatient and COVID patients' admissions) to hospitals by 90.1% in 4Q21 and by 82.9% in FY21 y-o-y. These trends translated into hospitals y-o-y net revenue growth of 29.8% for the quarter and 38.3% for the year. Revenue was up 35.8% in 4Q21 compared to 4Q19 and up 29.1% in FY21 compared to FY19.
- At our clinics, similarly, the number of admissions was up by 72.9% in 4Q21 and up by 71.8% in FY21 y-o-y. The number of registered patients in Tbilisi increased by c.35,000 y-o-y to c.257,000 and by c.71,000 y-o-y to c.589,000 in FY21 across the country. This translated into clinics' y-o-y net revenue growth of 51.9% in 4Q21 and 52.2% in FY21. Clinics also significantly outperformed against 2019 performance, with revenues being up 73.2% in 4Q21 compared to 4Q19 and up 59.9% in FY21 compared to FY19.
- The diagnostics segment, which, apart from regular diagnostics services, is also engaged in COVID-19 testing, increased its revenue by 8.5% y-o-y in 4Q21 to GEL 8.4 million and by 109.6% y-o-y in FY21, reaching GEL 30.4 million. Approximately half of diagnostics revenue relates to COVID-19 testing and another half to regular lab tests. Revenue from COVID-19 testing was down by 9.0% in 4Q21 and up 2.4x in FY21 y-o-y, while the revenue from the regular lab tests was up by 45.7% and up 79.9% y-o-y, in 4Q21 and FY21, respectively.

The developments described above translated into strong y-o-y net revenue growth of 30.8% in 4Q21 and 43.3% in FY21 from healthcare services (up 48.2% in 4Q21 compared to 4Q19; up 39.7% in FY21 compared to FY19).

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[37]. The materials rate increased by 1.6 ppts y-o-y in FY21, reflecting increased consumption and prices of medical disposables and personal protective equipment at healthcare facilities due to the COVID-19 driven supply shortage. However, after implementing the new initiatives the materials direct rate started to stabilise in 4Q21, down by 4.1 ppts y-o-y.

COVID-19 related bonuses granted to our medical personnel as well as the expiration of a 6-months state income tax subsidy, the latter effective from May 2020 till June 2021, slightly increased the direct salary rate for the quarter (up 1.1 ppts at hospitals and up 2.8 ppts at clinics, y-o-y). Overall, for the FY21, the direct salary rate showed a positive trend, being down by 3.1 ppts at hospitals and 1.8 ppts at clinics, y-o-y. The cost of utilities was up 49.0% in 4Q21 and 48.3% in FY21 y-o-y, resulting from increased tariffs on water, gas and electricity, effective since January 2021. As a result, the healthcare services business posted a 37.5% gross margin in 4Q21 and 40.6% in FY21, up 0.7 ppts and 1.4 ppts y-o-y, respectively. Adjusted for the impact of state income tax subsidy, the gross profit margin was up 3.4 ppts in 4Q21 and up by 3.5 ppts in FY21, y-o-y.

[36] In 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).

[37] The respective costs divided by gross revenues.

Despite the expiration of a state income tax subsidy and increased cost of materials and utilities, the business managed to post positive operating leverage of 8.5 ppts in 4Q21, which is adjusted to exclude other operating income (close to zero in 4Q21 compared to GEL 5.2 million in 4Q20, mainly reflecting one-off gains).

Overall, the strong revenue trend combined with a well-controlled operating cost base for the year translated into positive operating leverage of 6.9 ppts in FY21 (adjusted to exclude other operating income, operating leverage stood at 24.4 ppts in FY21). These led to 7.6% and 54.5% y-o-y growth in 4Q21 and FY21 EBITDA (excl. IFRS 16), respectively. EBITDA margin (excl. IFRS 16) was down 4.5 ppts and up 1.7 ppts y-o-y in 4Q21 and FY21, respectively. Adjusted for the state subsidy impact and excluding other operating income, EBITDA margin (excl. IFRS 16) was up by 4.2 ppts y-o-y in 4Q21 and up 6.3 ppts y-o-y in FY21. In FY21 the EBITDA margin (excl. IFRS 16) at hospitals was 23.0% (up 1.2 ppts y-o-y), at clinics 19.9% (down 0.2 ppts y-o-y) and at diagnostics 23.8% (up 11.5 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. This, together with increased net debt position by the end of 3Q21, led to an increase in net interest expense (excl. IFRS 16) in 4Q21 (up 21.2% y-o-y to GEL 6.2 million). The full-year net interest expense was down 17.1% y-o-y, to GEL 22.7 million, reflecting the low level of net debt position of the business throughout the year.

Overall, the business posted GEL 5.9 million net profit excluding IFRS 16 in 4Q21, up by 59.9% y-o-y. In 2021 net profit (excl. IFRS 16) reached GEL 35.2 million, compared to GEL 11.2 million net loss reported in FY20.

CASH FLOW HIGHLIGHTS

The first half of 2021 was relatively slow in terms of operating cash flow. It was 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 period, led by the high number of COVID cases in the country. In the second half, the business demonstrated a full turnaround in terms of cash flow generation. As a result, cash flow from operating activities (excl. IFRS 16) was up 211.7% y-o-y in 4Q21, translated into a 111.2% EBITDA to cash conversion rate. Operating cash flow (excl. IFRS 16) was down 3.2% y-o-y in FY21, and the cash conversion rate stood at 82.0%. Capex investment was GEL 10.2 million in 4Q21, mainly reflecting maintenance capex. Total capex amounted to GEL 33.4 million in 2021. The business paid GEL 11.5 million dividends in FY21 to GCAP.

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 349 pharmacies, of which 344 are in Georgia, and 5 are in Armenia.

4Q21 & FY21 performance (GEL '000), Retail (pharmacy)[38]

(Unaudited)

INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Revenue, net	**216,275**	**201,004**	**7.6%**	**782,409**	**679,437**	**15.2%**
Of which, retail	*167,884*	*142,307*	*18.0%*	*583,465*	*494,728*	*17.9%*
Of which, wholesale	*48,391*	*58,696*	*-17.6%*	*198,944*	*184,709*	*7.7%*
Gross Profit	**59,861**	**48,741**	**22.8%**	**203,068**	**172,312**	**17.8%**
Gross profit margin	*27.7%*	*24.2%*	*3.5 ppts*	*26.0%*	*25.4%*	*0.6 ppts*
Operating expenses (ex. IFRS 16)	(37,398)	(28,414)	31.6%	(126,874)	(101,925)	24.5%
EBITDA (ex. IFRS 16)	**22,463**	**20,327**	**10.5%**	**76,194**	**70,387**	**8.3%**
EBITDA margin, (ex. IFRS 16)	*10.4%*	*10.1%*	*0.3 ppts*	*9.7%*	*10.4%*	*-0.7 ppts*
Net profit (ex. IFRS 16)	**20,592**	**12,082**	**70.4%**	**67,870**	**32,531**	**108.6%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (*ex. IFRS 16*)	**40,283**	**17,635**	**128.4%**	**80,016**	**66,074**	**21.1%**
EBITDA to cash conversion	179.3%	86.8%	92.5 *ppts*	105.0%	93.9%	11.1 *ppts*
Cash flow used in investing activities[39]	**(8,379)**	**(937)**	**NMF**	**(21,741)**	**(1,963)**	**NMF**
Free cash flow, (ex. IFRS 16)[40]	**34,403**	**16,149**	**113.0%**	**63,470**	**60,759**	**4.5%**
Cash flow from financing activities (*ex. IFRS 16*)	**(13,573)**	**(15,569)**	**-12.8%**	**(39,243)**	**(37,090)**	**5.8%**

[38] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results. See reconciliation to IFRS 16 on page 30

[39] Of which - capex of GEL 3.6 million in 4Q21 (GEL 1.5 million in 4Q20) and GEL 14.3 million in FY21 (GEL 5.3 million in FY20); acquisition of subsidiaries / payment of holdback of GEL 2.3 million in 4Q21 (GEL 0 million in 4Q20) and GEL 2.3 million in 2021 (GEL 0 million in 2020).

[40] Calculated by deducting capex and acquisition of subsidiaries / payment of holdback from operating cash flows.

BALANCE SHEET HIGHLIGHTS	31-Dec-21	30-Sep-21	Change	31-Dec-20	Change
Total assets	**522,814**	**489,718**	**6.8%**	**464,644**	**12.5%**
Of which, cash and bank deposits	54,616	36,530	49.5%	36,856	48.2%
Of which, securities and loans issued	20,922	17,304	20.9%	12,471	67.8%
Total liabilities	**375,745**	**363,148**	**3.5%**	**361,048**	**4.1%**
Of which, borrowings	89,844	90,816	-1.1%	88,608	1.4%
Of which, lease liabilities	104,613	98,374	6.3%	85,919	21.8%
Total equity	**147,069**	**126,570**	**16.2%**	**103,596**	**42.0%**

KEY POINTS / VALUATION DRIVERS

- Strong y-o-y growth in 4Q21 revenues (up 7.6%) and EBITDA (excl. IFRS 16) (up 10.5%). Revenue and EBITDA were also up 15.2% and 8.3% y-o-y in FY21, respectively, reflecting overall improvement in economic activity and continuing expansion of the pharmacy chain
- Robust gross profit margin of 27.7% in 4Q21, reaching 26.0% for the year, resulting from new high-margin contracts in the wholesale business
- EBITDA margin at 10.4% in 4Q21 and 9.7% in 2021, exceeding the targeted 9%+
- Rebounding trend in cash flow from operating activities, in line with the enhanced revenue streams - up 128.4% in 4Q21 y-o-y, with 179.3% EBITDA to cash conversion ratio. EBITDA to cash conversion ratio at 105.0% in FY21
- Strong operating cash translated into net debt[41] reduction, down 61.3% q-o-q to GEL 14.3 million as of 31-Dec-21
- The business paid GEL 11.5 million dividends[42] to GCAP in FY21
- Added 36 pharmacies over the last 12 months, expanding from 313 to 349 stores

INCOME STATEMENT HIGHLIGHTS

The retail (pharmacy) business delivered 7.6% y-o-y revenue growth in 4Q21 and 15.2% in FY21, reflecting expansion (adding 36 pharmacies over 12 months), organic sales growth (same-store revenue up 10.6% in 4Q21 and FY21) as well as increased revenue from wholesale during the year. The retail revenue share in total revenue was 77.6% in 4Q21 (70.8% in 4Q20) and 74.6% in FY21 (72.8% in FY20). The revenue from para-pharmacy as a percentage of retail revenue from the pharmacy was 36.4% in 4Q21 (34.6% in 4Q20) and 35.3% in FY21 (34.7% in FY20).

Retail (Pharmacy)'s key operating performance highlights for 4Q21 and FY21 are noted below:

Unaudited	**4Q21**	**4Q20**	**Change**	**FY21**	**FY20**	**Change**
Same store revenue growth	*10.6%*	*9.2%*	*1.4ppts*	*10.6%*	*6.1%*	*4.5ppts*
Number of bills issued (mln)	*8.0*	*7.2*	*10.6%*	*29.0*	*27.6*	*5.3%*
Average bill size (GEL)	*19.9*	*18.6*	*7.1%*	*18.9*	*16.8*	*12.2%*

Benefitting from the strong economic recovery since 2Q21, the margins continued to rebound, and the business posted 27.7% (up 3.5 ppts y-o-y) and 26.0% (up 0.6 ppts y-o-y) gross profit margins in 4Q21 and FY21, respectively.

The business posted negative operating leverage (excl. IFRS 16) of 8.8ppts in 4Q21 and 6.7 ppts in FY21, mainly reflecting 1) increased rent expense of pharmacies due to exchange rate developments (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, effective during May 2020 - June 2021, this translated into a y-o-y increase in the operating expenses (excluding IFRS 16) of 31.6% in 4Q21 and 24.5% in FY21. The result was a 10.5% and 8.3% y-o-y increase in EBITDA excluding IFRS 16 with an EBITDA margin of 10.4% for the quarter and 9.7% for the year.

Interest expense, excluding IFRS 16, was down 34.1% y-o-y in 4Q21 and down 22.1% in FY21, due to the 63.6% decrease in net debt position y-o-y as of Dec-21 (down 61.3% q-o-q). GEL 1.4 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 4Q21. Overall, the business posted a GEL 7.5 million foreign currency gain in FY21 compared to GEL 13.2 million loss posted in the same period last year.

As a result, the business posted a GEL 20.6 million profit in 4Q21 (up 70.4% y-o-y) and GEL 67.9 million in FY21 (up 108.6% y-o-y) excluding IFRS 16.

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

[42] In 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).

Due to the expansion of local business as well as opening new pharmacies internationally (currently in Armenia), the business is upgrading its core IT system which enables the company to implement a more efficient operating system for the warehouse, decrease the major operational risks and improve the day-to-day inventory management process. The implementation process will last approximately a year and a half, ending in June 2023, with the total estimated cost at around USD 3.2 million.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

Cash flow from operating activities was up 128.4% y-o-y in 4Q21, led by increased retail revenues and increased collection of accounts receivables' balances, translating into a 179.3% EBITDA to cash conversion ratio for the same period. Operating cash flow was up 21.1% y-o-y in FY21, and the cash conversion rate stood at 105.0%. 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 to GCAP in FY21.

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. As of 31-Dec-21 GCAP owned 100% of the business. In line with the disposal discussed on page 5, GCAP now holds a 20% economic interest in Water Utility through its 35% stake in *JSC Georgia Global Utilities (GGU), the holding company of GCAP's water utility business and operational renewable energy assets.*

4Q21 & FY21 performance (GEL '000), Water Utility[43]

(Unaudited) INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Revenue	**51,548**	**31,794**	**62.1%**	**203,590**	**130,548**	**56.0%**
Water supply	45,119	30,585	47.5%	183,333	124,651	47.1%
Energy	6,429	1,209	NMF	20,257	5,897	NMF
Operating expenses	**(19,589)**	**(18,089)**	**8.3%**	**(69,946)**	**(61,733)**	**13.3%**
EBITDA	**31,368**	**12,137**	**NMF**	**128,102**	**62,546**	**104.8%**
EBITDA margin	*60.9%*	*38.2%*	*22.7ppts*	*62.9%*	*47.9%*	*15.0ppts*
Net (loss)/profit	**(18,006)**	**(15,784)**	**-14.1%**	**44,973**	**(61,082)**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities	**26,668**	**21,764**	**22.5%**	**95,607**	**55,822**	**71.3%**
Cash flow used in investing activities	**(16,370)**	**(16,635)**	**-1.6%**	**(56,525)**	**(51,701)**	**9.3%**
Free cash flow	**10,298**	**5,129**	**100.8%**	**39,082**	**4,120**	**NMF**
Cash flow from financing activities	**(130)**	**(11,989)**	**-98.9%**	**(33,431)**	**21,861**	**NMF**
BALANCE SHEET HIGHLIGHTS	31-Dec-21	30-Sep-21	Change	31-Dec-20	Change	
Total assets	**717,194**	**700,440**	**2.4%**	**653,201**	**9.8%**	
Of which, cash balance	59,894	49,777	20.3%	55,577	7.8%	
Total liabilities	**589,411**	**555,279**	**6.1%**	**574,179**	**2.7%**	
Of which, long-term borrowings	499,178	480,451	3.9%	498,555	0.1%	
Total equity	**127,783**	**145,161**	**-12.0%**	**79,022**	**61.7%**	

KEY POINTS / VALUATION DRIVERS

- EBITDA up 2.6x and 2.0x y-o-y in 4Q21 and FY21, respectively, reflecting increased revenues from both water and electricity sales
- 4Q21 water sales up by 47.5% y-o-y to GEL 45.1 million, led by revised tariffs and increased demand from legal entities (up by 47.1% y-o-y to GEL 183.3 million in FY21)
- Significant increase in revenue from electricity sales, up 5.3x y-o-y in 4Q21 (up 3.4x y-o-y in FY21), supported by more favourable hydrological conditions and higher water levels in Zhinvali HPP reservoir, compared to last year
- 4Q21 cash flow from operating activities up by 22.5% y-o-y to GEL 26.7 million, in line with increased revenue streams from both water and electricity sales

INCOME STATEMENT HIGHLIGHTS

The business delivered a strong performance in 4Q21 and FY21. Revenues increased by 62.1% y-o-y in 4Q21 (up 56.0% y-o-y in FY21), reflecting a) an increased water sales revenues on the back of the tariff revision by the regulator for the 2021-2023 regulatory period, as well as the improved economic activities leading to higher water consumption and b) increased electricity sales, supported by improved water inflows at Zhinvali HPP reservoir due to better hydrological conditions compared to last year.

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

4Q21 and FY21 revenue from water sales were up by 47.5% and 47.1% y-o-y, 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 y-o-y water sales revenue in 4Q21 and FY21 was further driven by increased demand from legal entities on the back of improved economic activities. 4Q21 and FY21 water sales volumes to commercial customers were 6.5 and 27.8 million cubic meters, up by 8.7% and 5.9% y-o-y, respectively, approaching the pre-pandemic consumption levels.

4Q21 and FY21 revenue from electricity sales increased significantly, up by 5.3x and 3.4x y-o-y, respectively. The increase continued to be driven by improved water inflows and generation levels at Zhinvali HPP reservoir. Water utility business produced 87.8 GWh of electricity in 4Q21, up by 76.2% y-o-y and 8.3% q-o-q, which coupled with slightly higher y-o-y levels of self-produced electricity consumption of 47.2 GWh, led to 4.6x growth in electricity sales volumes of 40.6 GWh. Average selling prices of the electricity during 4Q21 amounted to 0.168 GEL/KWh, up by 13.5% y-o-y.

Operating expenses in 4Q21 and FY21 were up y-o-y by 8.3% and 13.3%, respectively, mainly reflecting higher electricity and transmission costs, which were factored into the revised water tariff set by the regulator. As a result of the developments described above, EBITDA for 4Q21 and FY21 more than doubled y-o-y to GEL 31.4 million and GEL 128.1 million, respectively.

Net interest expense was down 10.8% y-o-y in 4Q21 to GEL 8.4 million (up by 5.7% y-o-y in FY21), mainly reflecting GEL appreciation against the US$. 4Q21 foreign exchange gain amounted to GEL 3.7 million (GEL 25.6 million in FY21), also reflecting local currency appreciation against foreign currencies. As a result, in the 4Q21 net loss amount to GEL 18.0 million, while FY21 net profit amounted to GEL 44.9 million.

CASH FLOW HIGHLIGHTS

4Q21 and FY21 operating cash flow increased to GEL 26.7 million and GEL 95.6 million, respectively (up by 22.5% and 71.3% y-o-y, respectively). The improvement in operating cash flow was in line with the enhanced revenue streams from water and electricity sales. 4Q21 and FY21 development capex remained broadly stable y-o-y at GEL 17.9 million and GEL 61.7 million, respectively. 4Q21 and FY21 cash outflow from financing activities amounted to GEL 0.1 million and GEL 33.4 million, respectively (the latter reflecting annual scheduled coupon payments of the US$250 million green bonds). As a result of strong cash generation in FY21, cash balance stood at GEL 59.9 million as of 31-Dec-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 28.6% market share (up by 0.4ppts y-o-y) in property and casualty insurance based on gross premiums as of 30-Sep-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 23.0% market share based on 9M21 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.

4Q21 & FY21 performance (GEL '000), Insurance (P&C and Medical)[45]

(Unaudited)

INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Earned premiums, net	**42,674**	**37,189**	**14.7%**	**158,870**	**141,614**	**12.2%**
Of which, P&C Insurance	24,377	19,168	27.2%	86,489	72,128	19.9%
Of which, Medical Insurance	18,297	18,021	1.5%	72,381	69,486	4.2%
Net underwriting profit	**12,210**	**13,516**	**-9.7%**	**45,773**	**47,368**	**-3.4%**
Of which, P&C Insurance	9,738	8,980	8.4%	34,216	31,242	9.5%
Of which, Medical Insurance	2,472	4,536	-45.5%	11,557	16,126	-28.3%
Net profit	**5,769**	**7,279**	**-20.7%**	**22,038**	**23,426**	**-5.9%**
Of which, P&C Insurance	5,176	4,970	4.1%	18,265	17,002	7.4%
Of which, Medical Insurance	593	2,309	-74.3%	3,773	6,424	-41.3%

CASH FLOW HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Net cash flows from operating activities	**5,131**	**5,901**	**-13.0%**	**24,320**	**30,958**	**-21.4%**
Of which, P&C Insurance	2,628	965	NMF	19,264	17,912	7.5%
Of which, Medical Insurance	2,503	4,936	-49.3%	5,056	13,046	-61.2%

[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.

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

Free cash flow	**6,257**	**5,309**	**17.9%**	**23,641**	**31,616**	**-25.2%**
Of which, P&C Insurance	3,933	571	NMF	18,972	15,963	18.8%
Of which, Medical Insurance	2,324	4,738	-50.9%	4,669	15,653	-70.2%

BALANCE SHEET HIGHLIGHTS	**31-Dec-21**	**30-Sep-21**	**Change**	**31-Dec-20**	**Change**
Total assets	**267,627**	**296,534**	**-9.7%**	**257,887**	**3.8%**
Of which, P&C Insurance	188,805	211,020	-10.5%	176,479	7.0%
Of which, Medical Insurance	78,822	85,514	-7.8%	81,408	-3.2%
Total equity	**116,464**	**122,706**	**-5.1%**	**101,507**	**14.7%**
Of which, P&C Insurance	84,234	90,928	-7.4%	69,443	21.3%
Of which, Medical Insurance	32,230	31,778	1.4%	32,064	0.5%

TOTAL INSURANCE BUSINESS HIGHLIGHTS

P&C and medical insurance have a broadly equal share in total revenues, while P&C had a 90% share in total net profit in 4Q21 (83% in FY21). The increase in the loss ratio by 6.0 ppts y-o-y in 4Q21 (up by 4.3 ppts in FY21), was partially offset by the 1.6 ppts y-o-y reduction in the expense ratio during the quarter (down by 1.9 ppts in FY21). Consequently, the combined ratio was up by 4.3 ppts and 2.4 ppts y-o-y in 4Q21 and FY21, respectively. Net profit was down 20.7% to GEL 5.8 million in 4Q21 and down by 5.9% to GEL 22.0 million in FY21, y-o-y. As a result, ROAE was 19.8% in 4Q21 (28.3% in 4Q20) and 20.8% in FY21 (23.8% in FY20). The insurance business provided GEL 9.9 million dividends to GCAP in 4Q21 (GEL 14.9 million in FY21).

Discussion of results, P&C Insurance

KEY POINTS / VALUATION DRIVERS

- Gross premiums written up by 22.1% y-o-y in 4Q21 (up by 20.8% y-o-y in FY21), reflecting a 5.8% y-o-y increase in the number of insurance policies written during the quarter (up 15.3% y-o-y in FY21)
- A 27.2% y-o-y increase in earned premiums net in 4Q21 (up by 19.9% y-o-y in FY21), mainly resulting from growth in the motor insurance and credit life insurance lines
- GEL 9.9 million dividends paid to GCAP in 4Q21 (GEL 14.9 million in FY21) on the back of strong cash flow generation
- Combined ratio down 0.4ppts y-o-y in 4Q21 (down 0.7ppts y-o-y in FY21), reflecting a decrease in the expense ratio by 5.8 ppts y-o-y in 4Q21 (down 5.2 ppts y-o-y in FY21)
- Net profit up by 4.1% y-o-y in 4Q21 (up by 7.4% y-o-y in FY21)

INCOME STATEMENT HIGHLIGHTS

4Q21 revenues increased by 27.2% y-o-y (up 19.9% y-o-y in FY21), mainly driven by the increase in the motor insurance line (excluding compulsory border third-party liability (MTPL) insurance) by GEL 2.2 million (GEL 7.7 million in FY21) on the back of a boost in the retail client portfolio. An increase in credit life insurance revenue by GEL 1.6 million y-o-y (up by GEL 3.7 million y-o-y in FY21) was the second-best contributor to the overall increase in 4Q21 and FY21 revenues. An increase in the liability insurance business line by GEL 1.4 million y-o-y in 4Q21 (up by GEL 1.6 million y-o-y in FY21) also contributed to the overall growth, predominantly reflecting the increase in credit unemployment portfolio by GEL 0.6 million y-o-y (up by GEL 0.8 million y-o-y in FY21). Similarly, GEL 1.1 million y-o-y growth in the FY21 agricultural insurance line also positively affected robust FY21 revenues.

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 1.7% y-o-y in 4Q21 (up 15.9% y-o-y in FY21). The negative trend of declining MTPL premiums written reversed from 2Q21 and led to a 24.7% y-o-y growth in 4Q21 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 their slow vaccination rate.

At 31-Dec-21, the distribution mix in 4Q21 and FY21 gross premiums written is as follows: various direct sales channels and brokers have a majority share of 69% (71% in 4Q20) and 73% (74% in FY20), followed by partnership agreements with financial institutions of 29% (27% in 4Q20) and 25% (24% in FY20) and MTPL channels of 2% (2% in 4Q20) and 2% (2% in FY20), respectively.

P&C Insurance's key performance ratios for 4Q21 and FY21 are noted below:

Key Ratios, *unaudited*	**4Q21**	**4Q20**	**Change**	**FY21**	**FY20**	**Change**
Combined ratio	79.5%	79.9%	*-0.4 ppts*	80.8%	81.5%	*-0.7 ppts*
Expense ratio	32.7%	38.5%	*-5.8 ppts*	32.4%	37.6%	*-5.2 ppts*
Loss ratio	46.7%	41.5%	*5.2 ppts*	48.4%	44.0%	*4.4 ppts*
ROAE[46]	25.3%	27.9%	*-2.6 ppts*	24.7%	24.8%	*-0.1 ppts*

The 4Q21 and FY21 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 FY21 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 and 4Q21. The volume of COVID-19-related credit life insurance claims incurred in 4Q21 and FY21 amounts to GEL 0.9 million (GEL 1.0 million in 4Q20), and GEL 4.3 million (GEL 1.1 million in FY20), respectively and represents 23% and 31% of total life insurance claims (39% in 4Q20 and 10% in FY20). As a result, P&C Insurance's net profit was up 4.1% y-o-y in 4Q21 and up 7.4% y-o-y in FY21. Adjusted for the FX loss on the natural long position, net profit is up by 24.3% y-o-y in 4Q21 and up by 19.2% y-o-y in FY21.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

P&C Insurance's solvency ratio was 153% as of 31 December 2021, significantly above the required minimum of 100%. A 172.3% y-o-y increase in 4Q21 and a 7.5% y-o-y increase in FY21 operating cash inflows resulted from higher underwriting cash flows, primarily reflecting strong cash flow generation from insurance premiums written and rigorous claims reimbursement procedures of the business. The business paid GEL 9.9 million dividends to GCAP in 4Q21 (GEL 14.9 million in FY21).

Discussion of results, Medical Insurance

KEY POINTS / VALUATION DRIVERS

- Earned premiums net up 1.5% y-o-y in 4Q21 (up 4.2% y-o-y in FY21), reflecting increased prices of the insurance policies
- On the back of increased demand for healthcare services, the loss ratio was up 10.6 ppts in 4Q21 to 81.1% and up 6.3 ppts to 79.3% in FY21, y-o-y.
- Insurance renewal rate at 77.1% in 4Q21 (76.5% in 4Q20) and 78.0% in FY21 (73.4% in FY20)
- The number of insured clients at c.165,000 as of 31-Dec-21, down 1.8% over the quarter
- The business paid GEL 2 million in dividends to GCAP in FY21

INCOME STATEMENT HIGHLIGHTS

The increase in 4Q21 and FY21 earned premiums net by 1.5% and 4.2%, respectively, reflects 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, *unaudited*	**4Q21**	**4Q20**	**Change**	**FY21**	**FY20**	**Change**
Total claims retained within the GHG	38.8%	35.5%	+3.3ppts	36.3%	37.3%	-1.0ppts
Total claims retained in outpatient	38.8%	41.7%	-2.9ppts	39.0%	41.7%	-2.7ppts

In FY21, the net claims expenses were GEL 57.4 million (up 13.1% y-o-y), of which GEL 24.3 million (42.3% of total) was inpatient, GEL 20.4 million (35.5% of total) was outpatient and GEL 12.7 million (22.2% of total) was related to pharmaceuticals. 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 loss ratio was up 10.6 ppts to 81.1% in 4Q21 and up 6.3 ppts to 79.3% in FY21. As a result, the combined ratio increased by 11.7 ppts y-o-y to 100.3% for the quarter and by 6.8 ppts y-o-y for the FY21 to 97.4%. The business posted a net profit of GEL 0.6 million in 4Q21 (down 74.3% y-o-y) and GEL 3.8 million in FY21 (down 41.3% y-o-y).

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

Operating cash flow decline is associated with the increased claims expense of the business. The business paid GEL 2 million dividends in FY21.

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

INVESTMENT STAGE PORTFOLIO COMPANIES

Discussion of Renewable Energy Business Results

The Renewable energy business operates three wholly-owned commissioned renewable assets: 30MW Mestiachala HPP, 20MW Hydrolea HPPs and 21MW Qartli wind farm. In addition, 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.

4Q21 & FY21 performance (GEL '000), Renewable Energy[47]

(Unaudited) INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Revenue	**9,992**	**7,697**	**29.8%**	**43,914**	**42,592**	**3.1%**
of which, PPA	*9,992*	*7,697*	*29.8%*	*31,732*	*28,584*	*11.0%*
of which, Non-PPA	*-*	*-*	*NMF*	*11,577*	*9,757*	*18.7%*
of which, BI Reimbursement	*-*	*-*	*NMF*	*605*	*4,251*	*-85.8%*
Operating expenses	(2,492)	(3,173)	-21.5%	(10,703)	(10,565)	1.3%
EBITDA	**7,500**	**4,524**	**65.8%**	**33,211**	**32,027**	**3.7%**
EBITDA margin	*75.1%*	*58.8%*	*16.3 ppts*	*75.6%*	*75.2%*	*0.4 ppts*
Non-recurring expenses[48]	(52,902)	(561)	NMF	(52,190)	(10,577)	NMF
Net loss	**(54,727)**	**(6,098)**	**NMF**	**(54,815)**	**(16,320)**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities	**11,602**	**11,143**	**4.1%**	**31,985**	**40,176**	**-20.4%**
Cash flow used in investing activities	**(2,361)**	**27,991**	**NMF**	**(16,335)**	**15,866**	**NMF**
Cash flow used in financing activities	**(6,031)**	**(630)**	**NMF**	**(39,474)**	**(29,185)**	**35.3%**
Dividends paid out	*(5,529)*	*-*	*NMF*	*(20,000)*	*(4,927)*	*NMF*
BALANCE SHEET HIGHLIGHTS	31-Dec-21	30-Sep-21	Change	31-Dec-20	Change	
Total assets	**405,932**	**448,703**	**-9.5%**	**482,986**	**-16.0%**	
Of which, cash balance	40,499	37,589	7.7%	66,821	-39.4%	
Total liabilities	**325,410**	**308,153**	**5.6%**	**326,252**	**-0.3%**	
Of which, borrowings	316,477	298,302	6.1%	318,269	-0.6%	
Total equity	**80,522**	**140,550**	**-42.7%**	**156,734**	**-48.6%**	

KEY POINTS / VALUATION DRIVERS

- 4Q21 revenue and EBITDA up by 29.8% and 65.8% y-o-y, respectively, mainly reflecting improved generation levels of the power assets.
- FY21 revenue and EBITDA up by 3.1% and 3.7% y-o-y, respectively. Excluding the impact of one-off business interruption (BI) reimbursement accrual for 2020 revenues of 20MW Mestiachala HPP unit, FY21 revenue and EBITDA were up 13.0% and 17.4% y-o-y, respectively
- Strong pick up in electricity generation levels, as 4Q21 and FY21 generations increased y-o-y by 38.4% and 16.0%, respectively, while average electricity selling price amounted to 50.7 US$/MWh for the business in FY21 (53.0 US$/MWh in FY20)
- In line with the outcome of the comprehensive cost and feasibility assessment, the restoration process of the 20MW power generating unit of Mestiachala HPP has been suspended and impairment in the amount of GEL 36.6 million was recorded.
- GEL 5.5 million dividends paid in 4Q21 (GEL 20.0 million in FY21).

INCOME STATEMENT HIGHLIGHTS

4Q21 and FY21 revenue from electricity sales increased by 29.8% and 3.1% y-o-y, respectively (excluding the one-off BI reimbursement for 20MW Mestiachala HPP in 2020, the y-o-y increase in FY21 revenue was 13.0%). Strong top-line growth for both periods was driven mainly by improved hydrologic conditions at the power assets, as reflected in y-o-y growth of total generation levels of 38.4% and 16.0% in 4Q21 and FY21, respectively. Moreover, the renewable energy business benefited from favourable average electricity selling prices, amounting to US$ 59.2 and US$ 50.7 per MWh in 4Q21 and FY21, respectively (US$ 60.6 and US$ 53.0 in 4Q20 and FY20, respectively).

	4Q21				FY21			
Unaudited, 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	*1,454*	*-9.4%*	*8.4*	*-6.4%*	*13,533*	*7.0%*	*102.3*	*13.0%*
21MW Qartli wind farm	*4,257*	*-4.8%*	*21.0*	*-0.2%*	*17,460*	*-5.9%*	*83.3*	*-8.3%*
20MW Hydrolea HPPs	*4,282*	*NMF*	*24.5*	*NMF*	*12,316*	*72.3%*	*80.3*	*67.7%*
Total	***9,992***	***29.8%***	***53.9***	***38.4%***	***43,309***	***13.0%***	***265.8***	***16.0%***

[47] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[48] Consists of impairment of 20 MW Mestiachala HPP unit (GEL 36.6 million) and costs associated with the disposal of the water utility business (see page 5 for details) - GEL 14.8 million.

4Q21 operating expenses were down 21.5% y-o-y at GEL 2.5 million while remaining broadly stable in FY21 at GEL 10.7 million. Correspondingly, 4Q21 EBITDA increased y-o-y by 65.8% to GEL 7.5 million and by 3.7% y-o-y to GEL 33.2 million in FY21.

The business recorded GEL 6.3 million net interest expense in 4Q21, slightly down by 3.4% y-o-y, reflecting GEL appreciation against foreign currencies (GEL 23.1 million in FY21, down by 1.5% y-o-y). In 4Q21, in line with the outcome of the comprehensive cost and feasibility assessment, the restoration process of the 20MW Mestiachala HPP has been suspended indefinitely and impairment in the amount of GEL 36.6 million was recorded. As a result, of the developments described above, the business recorded GEL 54.7 million net loss in 4Q21 (GEL 54.8 million net loss in FY21).

CASH FLOW HIGHLIGHTS

4Q21 and FY21 operating cash flow amounted to GEL 11.6 million (up by 4.1% y-o-y) and GEL 32.0 million (down by 20.4% y-o-y). Excluding the one-off effect of BI reimbursement proceeds received from the insurance company, FY21 operation cash flow was up by 10.6%. 4Q21 cash outflow from investing activities was at GEL 2.4 million, while 4Q20 investing cash inflow amounted to GEL 28.0 million, the latter mainly reflecting GEL 30.4 million property damage reimbursement received from the insurance company for Mestiachala HPPs. 4Q21 cash outflow from financing activities increased to GEL 6.0 million from GEL 0.6 million as of 4Q20, mainly reflecting increased dividend payments made to Georgia Capital on the back of the strong operational performance of the business. Renewable Energy made a dividend distribution of GEL 5.5 million in 4Q21 and GEL 20.0 million in total in FY21. As a result, the cash balance of the renewable energy business amounted to GEL 40.5 million as of 31-Dec-21.

Discussion of Education Business Results

Our education business currently combines majority stakes in five private school brands and campuses, acquired in 2019-2021: 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[49]) and Georgian-Austrian School Pesvebi LLC (81%[50] ownership), both well-positioned in the affordable education segment.

4Q21 & FY21 performance (GEL '000), Education[51]

(Unaudited) INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Revenue	**11,598**	**8,684**	**33.6%**	**31,196**	**25,794**	**20.9%**
Operating expenses	(6,680)	(4,473)	49.3%	(21,090)	(17,446)	20.9%
EBITDA	**4,918**	**4,211**	**16.8%**	**10,106**	**8,348**	**21.1%**
EBITDA Margin	*42.4%*	*48.5%*	*-6.1 ppts*	*324%*	*32.4%*	*0.0 ppts*
Net income	**8,010**	**4,337**	**84.7%**	**11,489**	**3,148**	**NMF**
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	728	(207)	NMF	11,881	7,877	50.8%
Net cash flows used in investing activities	(3,886)	(2,077)	87.1%	(22,956)	(7,129)	NMF
Net cash flows from financing activities	2,561	(641)	NMF	14,303	78	NMF

BALANCE SHEET HIGHLIGHTS	31-Dec-21	30-Sep-21	Change	31-Dec-20	Change
Total assets	**138,080**	**132,778**	**4.0%**	**110,541**	**24.9%**
Of which, cash	9,096	9,809	-7.3%	6,399	42.1%
Total liabilities	**51,764**	**56,509**	**-8.4%**	**53,396**	**-3.1%**
Of which, borrowings	25,585	24,838	3.0%	24,947	2.6%
Total equity	**86,316**	**76,269**	**13.2%**	**57,145**	**51.0%**

KEY POINTS / VALUATION DRIVERS

- Revenue up by 33.6% and up by 20.9% y-o-y in 4Q21 and FY21, respectively, reflecting a 12.6% y-o-y growth in average tuition revenue per learner in FY21 and increase in the number of learners by 25.1% y-o-y, the latter supported by the expansion of the business in the affordable segment
- The increased number of learners translated into a utilisation rate of 62.2% in FY21 compared to last year's 89.5%, reflecting the addition of a new capacity of 2,250 learners in the preceding quarter
- Cash collection rates remained largely at prior year's levels at 80.9%, translating into a 50.8% y-o-y increase in operating cash flow to GEL 11.9 million in FY21
- GEL 23.0 million investments in the launch of new campus and expansion of existing campuses in affordable (construction completed), mid-scale and premium segments (construction is expected to complete before the start of the next academic year) and the acquisition of an 81% interest in Georgian-Austrian School Pesvebi, in FY21

[49] 80% equity stake in the existing campus and 90% in new campus launched under the existing affordable brand in 3Q21.
[50] Georgia Capital has a call option on the 9% equity stake during the 12 months starting from August 2022.
[51] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

INVESTMENTS IN 2021

In FY21, the education business expanded in the affordable segment through 2 investment projects:

- In August 2021, Georgia Capital signed a share purchase agreement to acquire an 81% 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. Also, the expansion project of Green School's existing campus was successfully finalized in September 2021. The school increased its capacity from existing 1,250 learners to 1,700 learners for the 2021-2022 academic year.

INCOME STATEMENT HIGHLIGHTS

Given the improved epidemiological developments in Georgia, the schools provided on-campus learning during most of FY21. Schools in Tbilisi were reopened from 15 February 2021 and continued on-campus learning till the end of the year, except for September. During the distance learning period, schools offered 15-25% discounts for tuition fees and roll-over of fees for transportation/catering services.

Revenue in 4Q21 was up by 33.6% y-o-y (up 20.9% y-o-y in FY21). The expansion of the affordable segment through the acquisition and launch of a new campus contributes to 7.8% 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 and enrolments of new learners.

The intakes remained strong for all grades with a 16.0% increase in the number of 1st graders to 376 learners in the 2021-2022 academic year, compared to 238 intakes of 1st graders in the 2020-2021 academic year. Overall, the total number of learners was up by 25.1% y-o-y to 3,148 learners at 31-Dec-21. The utilisation rate as of 31-Dec-21 was 62.2%, compared to last year's 89.5%, reflecting the addition of a new capacity of 2,250 learners in 3Q21, which will be gradually utilized over the coming periods.

The business growth combined with the increased number of on-campus learning days in 4Q21 compared to 4Q20 reflects an increase in operating expenses by 49.3% in 4Q21 y-o-y, of which, 12.6% is attributable to the expansion of the affordable segment (operating expenses were up 20.9% y-o-y in FY21). Consequently, EBITDA was up by 16.8% y-o-y in 4Q21 (up 21.1% y-o-y in FY21).

Overall, the business posted GEL 11.5 million net income in FY21 (GEL 3.1 million in FY20) and GEL 8.0 million net income in 4Q21 (GEL 4.3 million in 4Q20), reflecting foreign currency exchange gains in FY21 compared to foreign currency exchange losses in FY20.

CASH FLOW HIGHLIGHTS

Operating cash flow generation by the education business was up by GEL 0.9 million to GEL 0.7 million y-o-y in 4Q21 and up by 50.8% to GEL 11.9 million y-o-y in FY21. 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 80.9% (80.9% at 31-Dec-20), which was in line with the schools' cash collection policies.

GEL 23.0 million cash outflow on investing activities in FY21 reflects investments in capacity expansion of the operational campuses of Buckswood by 240 learners, Green School by 450 learners and premium segment by 300 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 228.3 million at 31-Dec-21, which represented only 6.3% of our total portfolio.

4Q21 & FY21 aggregated performance highlights (GEL '000), Other Portfolio

(Unaudited)	**4Q21**	**4Q20**	**Change**	**FY21**	**FY20**	**Change**
Revenue	98,554	85,475	15.3%	337,581	283,385	19.1%
EBITDA	(6,438)	11,628	NMF	21,089	25,973	-18.8%
Net cash flows from operating activities	1,984	14,908	-86.7%	23,390	71,392	-67.2%

The y-o-y growth in the aggregated revenues of our other businesses (up 15.3% in 4Q21 and 19.1% in FY21) 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, hospitality and commercial real estate businesses** | In 4Q21 revenue of the housing business was up by 10.3% y-o-y (up 1.7% y-o-y in FY21), while the revenues of the hospitality and commercial real estate businesses were down 64.4% y-o-y in 4Q21 (down 32.9% y-o-y in FY21), the latter reflecting decreased revenue streams, associated with the divestment of a significant portion of commercial real estate assets. Aggregated EBITDA of these businesses were down by GEL 18.6 million in 4Q21 and down GEL 16.7 million, y-o-y in FY21. In 4Q21 the housing development business remeasured the ongoing residential project budgets which led to an increase in expected development costs, mainly negatively impacted by inflated prices on construction materials. Consequently, due to the accounting treatment, this translated into a one-off GEL 15.4 million and GEL 16.3 million y-o-y decrease in EBITDA in 4Q21 and FY21, respectively. In 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 sale translates into 2.1x MOIC in US$ terms. The proceeds from the sales were used to repay the US$ 30 million bonds issued by the commercial real estate business. The book value of the remaining disposable assets is approximately US$ 13.9 million as of 31-Dec-21 and is split between commercial real estate assets (16%) and land plots (84%).

- **Beverages |** The beverages business combines three business lines: a wine business, a beer business, and a distribution business
  - **Wine business |** The net revenues of the wine business decreased by 4.5% y-o-y to GEL 22.6 million while the gross profit margin was down by 5.7 ppts y-o-y to 42.1% in 4Q21, attributable to the changes in product mix and unfavourable seasonal conditions on the crop production. The number of bottles sold was up by 13.4% on the back of the increased sales of more affordable products and as a result, the average price per bottle (GEL) decreased by 12.8% y-o-y in 4Q21. FY21 net revenues were up 21.0% y-o-y to GEL 60.0 million and the gross profit margin improved by 0.4 ppts y-o-y to 43.6% in FY21, mainly attributable to increased sales on the local and international markets in 2021. Consequently, EBITDA was down 29.8% y-o-y in 4Q21 (up 23.5% y-o-y in FY21).
  - **Beer business |** The net revenue of the beer business increased by 37.1% to GEL 11.5 million in 4Q21 and by 22.8% to GEL 56.4 million in FY21, y-o-y. Beer and lemonade y-o-y sales (in hectolitre) were up 6.5% and 3.8x, respectively, in 4Q21. Consequently, the EBITDA of the business increased by GEL 1.2 million in 4Q21. As for the FY21, EBITDA was up by 2.1x y-o-y amounting to GEL 4.9 million which reflects 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, GCAP's guarantee on the borrowing of beer business decreased by c. EUR 2.7 million to EUR 15.8 million in 2021.
  - **Distribution business |** Revenue of the distribution business increased by 19.8% y-o-y to GEL 25.9 million in 4Q21 (up 20.6% y-o-y to GEL 114.1 million in FY21), while EBITDA increased by 3.0% y-o-y to GEL 0.5 million in 4Q21, yielding the FY21 y-o-y EBITDA growth of 45.6% to GEL 4.3 million.

- **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 17.2% y-o-y revenue growth to GEL 3.5 million in 4Q21 and 42.5% y-o-y growth to GEL 15.4 million in FY21. Revenue growth was supported by an increase in total cars serviced, up by 20.5% y-o-y in 4Q21 and by 37.8% y-o-y in FY21, out of which 80% in 4Q21 and 76% in FY21 were from primary checks. As a result, the EBITDA of

the PTI business was up by 50.2% y-o-y to GEL 2.0 million in 4Q21 and up by 2.0x to GEL 8.5 million in FY21, with a y-o-y EBITDA margin growth of 12.5ppts to 57.1% and 15.8 ppts to 55.0% in 4Q21 and FY21, respectively.

- **Car services and parts business (Amboli)** | In 4Q21, Amboli's revenue was up by 49.8% y-o-y to GEL 13.8 million (up 65.1% y-o-y to GEL 35.4 million in FY21), reflecting an increase in corporate and wholesale customer segments. Similarly, the 4Q21 gross profit was up by 79.2% to GEL 3.0 million and up by 85.2% to GEL 7.9 million in FY21, y-o-y. As a result, the business posted GEL 1.4 million EBITDA in 4Q21, up by 2.4x y-o-y (GEL 2.5 million in FY21, up by 2.4x times from FY20).

RECONCILIATION OF ADJUSTED INCOME STATEMENT TO IFRS INCOME STATEMENT

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

	4Q21, *unaudited*			FY21, *unaudited*		
GEL '000, unless otherwise noted	**Adjusted IFRS income statement**	**Adjustment[52]**	**IFRS income statement**	**Adjusted IFRS income statement**	**Adjustment[52]**	**IFRS income statement**
Dividend income	29,931	(15,450)	14,481	74,362	(59,881)	14,481
Interest income	6,255	(6,255)	-	23,140	(23,140)	-
Realized / unrealized (loss)/ gain on liquid funds	(2,110)	2,110	-	(1,142)	1,142	-
Interest expense	(20,353)	20,353	-	(77,392)	77,392	-
Gross operating income / (loss)	**13,723**	**(13,723)**	**-**	**18,968**	**(18,968)**	**-**
Operating expenses (Administrative expenses , salaries and other employee benefits)	(9,501)	9,501	-	(36,484)	36,484	-
GCAP net operating income / (loss)	**4,222**	**(4,222)**	**-**	**(17,516)**	**17,516**	**-**
Transaction costs	-	(2,937)	(2,937)	-	(2,937)	(2,937)
Total investment return / gain on investments at fair value	**141,424**	**(17,600)**	**123,824**	**682,074**	**7,688**	**689,762**
Administrative expenses , salaries and other employee benefits	-	(2,135)	(2,135)	-	(8,203)	(8,203)
Income / (Loss) before foreign exchange movements and non-recurring expenses	**145,646**	**(12,413)**	**133,233**	**664,558**	**28,545**	**693,103**
Transaction costs	(21,995)	21,995	-	(21,995)	21,995	-
Net foreign currency gain / (loss)	5,132	(5,164)	(32)	39,615	(39,837)	(222)
Non-recurring expenses	(539)	539	-	(785)	785	-
Net Income / (loss)	**128,244**	**4,957**	**133,201**	**681,393**	**11,488**	**692,881**

DETAILED FINANCIAL INFORMATION

IFRS STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME OF GEORGIA CAPITAL PLC

GEL '000, unless otherwise noted	**2021, unaudited**	**2020, audited**
Gains on investments at fair value	689,762	339,174
Dividend income	14,481	-
Transaction costs	(2,937)	-
Gross investment profit	**701,306**	**339,174**
Administrative expenses	(5,512)	(5,430)
Salaries and other employee benefits	(2,691)	(2,519)
Profit before foreign exchange and non-recurring items	**693,103**	**331,225**
Net foreign currency loss	(222)	(891)
Profit before income taxes	**692,881**	**330,334**
Income tax	-	-
Profit for the year	**692,881**	**330,334**
Other comprehensive income	-	-
Total comprehensive income for the year	**692,881**	**330,334**
Earnings per share:		
– basic	15.6533	8.2302
– diluted	15.2932	8.1966

[52] Subtotals in the "adjustment" columns may not add up as they provide a reconciliation to the statements with different structures and subtotals.

IFRS STATEMENT OF FINANCIAL POSITION OF GEORGIA CAPITAL PLC

GEL '000, unless otherwise noted	31 December 2021 *Unaudited*	31 December 2020 *Audited*
Assets		
Cash and cash equivalents[53]	7,200	855
Prepayments	406	426
Equity investments at fair value	2,881,373	2,213,290
Total assets	**2,888,979**	**2,214,571**
Liabilities		
Other liabilities	5,357	2,279
Total liabilities	**5,357**	**2,279**
Equity		
Share capital	1,547	1,574
Additional paid-in capital and merger reserve	238,311	238,311
Retained earnings	2,643,764	1,972,407
Total equity	**2,883,622**	**2,212,292**
Total liabilities and equity	**2,888,979**	**2,214,571**

IFRS STATEMENT OF CASH FLOWS OF GEORGIA CAPITAL PLC

GEL '000, unless otherwise noted	2021 Unaudited	2020 Audited
Cash flows from operating activities		
Salaries and other employee benefits paid	(2,173)	(2,109)
General, administrative and operating expenses paid	(5,442)	(4,966)
Net cash flows used in operating activities before income tax	**(7,615)**	**(7,075)**
Income tax paid	-	-
Net Cash flow used in operating activities	**(7,615)**	**(7,075)**
Cash flows used in investing activities		
Capital redemption from subsidiary	21,679	21,180
Dividends received	14,481	-
Cash flows from investing activities	**36,160**	**21,180**
Cash flows from financing activities		
Other purchases of treasury shares	(21,891)	-
Contributions under share-based payment plan	(194)	(317)
Transaction costs incurred in relation to share issuance	-	(14,215)
Net cash used in financing activities	**(22,085)**	**(14,532)**
Effect of exchange rates changes on cash and cash equivalents	(115)	39
Net increase / (decrease) in cash and cash equivalents	**6,345**	**(388)**
Cash and cash equivalents, beginning of the year	**855**	**1,243**
Cash and cash equivalents, end of the year	**7,200**	**855**

IFRS STATEMENT OF CHANGES IN EQUITY OF GEORGIA CAPITAL PLC

Unaudited, GEL '000, unless otherwise noted	*Share capital*	*Additional paid-in capital and merger reserve*	*Treasury Shares*	*Retained earnings*	*Total*
31 December 2020	**1,574**	**238,311**	**-**	**1,972,407**	**2,212,292**
Profit for the year	-	-	-	692,881	692,881
Total comprehensive profit for the year	**-**	**-**	**-**	**692,881**	**692,881**
Increase in equity arising from share-based payments	-	-	-	534	534
Cancellation of shares	(27)		27	-	-
Purchase of treasury shares	-	-	(27)	(22,058)	(22,085)
31 December 2021	**1,547**	**238,311**	**-**	**2,643,764**	**2,883,622**

[53] As at 31 December 2021 and 31 December 2020 cash and cash equivalents consist of current accounts with credit institutions.

SEGMENT INFORMATION - RECONCILIATION TO IFRS FINANCIAL STATEMENTS (2021)

Unaudited, GEL '000, unless otherwise noted	*Georgia Capital PLC*	*Aggregation with JSC Georgia Capital*	*Elimination of double effect on investments*	*Aggregated Holding Company*	*Reclassifications[54]*	*NAV Statement*
Cash and cash equivalents	7,200	89,714	-	96,914	(96,914)	-
Amounts due from credit institutions	-	35,667	-	35,667	(35,667)	-
Marketable securities	-	79,716	-	79,716	(79,716)	-
Investment in redeemable securities	-	17,849	-	17,849	(17,849)	-
Prepayments	406	-	-	406	(406)	-
Loans issued	-	154,214	-	154,214	(154,214)	-
Other assets, net	-	8,475	-	8,475	(8,475)	-
Equity investments at fair value	2,881,373	3,616,231	(2,881,373)	3,616,231	-	3,616,231
Total assets	**2,888,979**	**4,001,866**	**(2,881,373)**	**4,009,472**	**(393,241)**	**3,616,231**
Debt securities issued	-	1,095,433	-	1,095,433	(1,095,433)	-
Other liabilities	5,357	25,060	-	30,417	(30,417)	-
Total liabilities	**5,357**	**1,120,493**	**-**	**1,125,850**	**(1,125,850)**	**-**
Net Debt	-	-	-	-	(711,074)	(711,074)
of which, Cash and liquid funds	-	-	-	-	*272,317*	*272,317*
of which, Loans issued	-	-	-	-	*154,214*	*154,214*
of which, Gross Debt	-	-	-	-	*(1,137,605)*	*(1,137,605)*
Net other assets/ (liabilities)	-	-	-	-	(21,535)	(21,535)
Total equity/NAV	**2,883,622**	**2,881,373**	**(2,881,373)**	**2,883,622**	**-**	**2,883,622**

HEALTHCARE SERVICES- RECONCILIATION TO IFRS 16 (2021)

Unaudited, GEL '000, unless otherwise noted	**Before IFRS 16**	***IFRS 16 effects***	**After IFRS 16**
Income statement			
Gross profit	166,685	-	166,685
Operating Expenses	(71,149)	*1,880*	(69,269)
EBITDA	**95,536**	***1,880***	**97,416**
Depreciation and amortization	(32,733)	*(1,254)*	(33,987)
Net interest income (expense)	(22,711)	*(781)*	(23,492)
Net gains/(losses) from foreign currencies	1,271	*637*	1,908
Net non-recurring income/(expense)	(6,125)	-	(6,125)
Profit before income tax expense	**35,238**	***482***	**35,720**
Income tax benefit/(expense)	-	-	-
Profit for the year from continuing operations	**35,238**	***482***	**35,720**
Profit from discontinued operations	-	-	-
Profit for the year	**35,238**	***482***	**35,720**
Cash flow statement			
Net cash flow from operating activities	78,379	*2,000*	80,379
Net cash flow from investing activities	(5,834)	-	(5,834)
Net cash flow from financing activities	(111,994)	*(2,000)*	(113,994)
Exchange (losses)/gains on cash equivalents	(1,849)	-	(1,849)
Total cash inflow/(outflow) from continuing operations	**(41,298)**	**-**	**(41,298)**
Total cash inflow/(outflow) from discontinued operations	-	-	-
Cash balance			
Cash, beginning balance	93,721	-	93,721
Cash, ending balance	**52,423**	**-**	**52,423**

[54] Reclassification to aggregated balances to arrive at the NAV specific presentation, such as: aggregating cash, marketable securities, investment in redeemable securities, repurchased GCAP bonds as cash and liquid funds, debt securities issued as gross debt and netting of other assets and liabilities.

RETAIL (PHARMACY) - RECONCILIATION TO IFRS 16 (2021)

Unaudited, GEL '000, unless otherwise noted	**Before IFRS 16**	***IFRS 16 effects***	**After IFRS 16**
Income statement			
Gross profit	203,068	-	203,068
Operating Expenses	(126,874)	*26,754*	(100,120)
EBITDA	**76,194**	***26,754***	**102,948**
Depreciation and amortization	(5,241)	*(21,667)*	(26,908)
Net interest income (expense)	(8,279)	*(6,589)*	(14,868)
Net gains/(losses) from foreign currencies	7,543	*4,504*	12,047
Net non-recurring income/(expense)	(411)	-	
Profit before income tax expense	**69,806**	***3,002***	**72,808**
Income tax benefit/(expense)	(1,936)	-	(1,936)
Profit for the year	**67,870**	***3,002***	**70,872**
Cash flow statement			
Net cash flow from operating activities	80,016	*26,754*	106,770
Net cash flow from investing activities	(21,741)	-	(21,741)
Net cash flow from financing activities	(39,243)	*(26,754)*	(65,997)
Exchange (losses)/gains on cash equivalents	(1,272)	-	(1,272)
Total cash inflow/(outflow)	**17,760**	**-**	**17,760**
Cash balance			
Cash, beginning balance	36,856	-	36,856
Cash, ending balance	**54,616**	**-**	**54,616**

SELECTED EXPLANATORY NOTES TO THE IFRS FINANCIAL STATEMENTS OF GEORGIA CAPITAL PLC (UNAUDITED)

GOING CONCERN

The Board of Directors of Georgia Capital has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for a period of at least 12 months from the date of approval of the financial statements, i.e. the period ending 31 March 2023. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern for the foreseeable future. Therefore, the financial statements continue to be prepared on a going concern basis.

The Directors have made an assessment of the appropriateness of the going concern basis of preparation and reviewed Georgia Capital's liquidity outlook for the period ending 31 March 2023. As a response to the COVID-19 uncertainties, during 2020, Georgia Capital was focused on limiting capital allocations, optimizing operating expenses and accumulating and preserving cash. In 2021, portfolio companies delivered strong operating performance, which was reflected in dividend receipts and interest inflows from the portfolio companies towards Georgia Capital. On 16 March 2021 the 100% subsidiary of Georgia Capital PLC, JSC Georgia Capital, placed a US$ 65 million (GEL 215.8 million) Eurobond tap issue, which was consolidated and forms a single series with the existing US$ 300 million 6.125% senior notes due in March 2024.

The main source of cash inflow for GCAP PLC is capital redemption from JSC GCAP, which holds the liquid assets to support the liquidity needs of the Company as well. As at 31 December 2021, JSC GCAP holds cash in the amount of GEL 89,714, amounts due from credit institutions in the amount of GEL 35,667 and marketable debt securities and redeemable securities in the amount of GEL 79,716 and GEL 17,849. Securities are considered to be highly liquid, as they are debt instruments listed on international and local markets. On 2 February 2022 Group received US$ 180 million (GEL 548 million) cash consideration for disposal of controlling interest in Water Utility business. The Group has a policy to maintain US$ 50 million liquid assets buffer at all times.

The liquidity needs of the Group during the Going Concern review period mainly consist of the coupon payments on JSC GCAP Eurobonds and the operating costs of running the holding companies, capital allocations to its portfolio companies, buyback program and Loan commitment to Renewable energy business as part of the completion of Water utility sale transaction (described below). The liquidity outlook also assumes dividend income from the defensive businesses of the group (healthcare, pharmacy, renewable business, and insurance) and Bank of Georgia PLC. Capital allocations are assumed in relation to investment stage companies (Renewable Energy and Education).

On 2 February 2022 the JSC GCAP completed first stage in the proposed two-stage transaction, disposal of controlling interest in Georgia Global Utilities JSC ("GGU") to FCC Aqualia for US$ 180 million. Sale proceeds have been received on 2 February 2022. US$ 6.7 million transaction related costs will be paid out of the proceeds in first quarter 2022. At the second stage of the transaction, which is anticipated to occur in the third quarter of 2022, GCAP will be issuing US$ 95.4 million loan to the

Renewable energy business in order to fund the redemption of Green Eurobonds held by GGU. This funding amount represents the pro-rata share of the Green Eurobonds which the Group is required to fund in accordance with the requirements of the Sale and Purchase Agreement. Initially upon receipt, the US$ 180 million (GEL 548 million) proceeds will be held as cash and liquid assets, and will be invested in high yielding deposits of Georgian Banks and in debt securities, pending a review by Board to determine the appropriate investment, deleveraging and capital return policies in the light of the prevailing economic outlook, the share price and discount to net asset value, and investment opportunities available at the time.

A large part of Georgia Capital's portfolio is concentrated across defensive countercyclical sectors: healthcare, pharmacy distribution and insurance businesses. Georgia Capital has an adequate liquidity position as at 31 December 2021.

Management is also satisfied that Georgia Capital's liquidity forecast is comprehensive considering the continuing coronavirus risk. GCAP's liquidity levels remain robust, aided by a strong dividend income outlook from the private portfolio companies and also from Bank of Georgia Group PLC. As a result, in August 2021 the Board approved a US$ 10 million share buyback and cancellation programme. In January 2022, the Board approved an increase in the ongoing buyback and cancellation programme of an additional US$ 5 million. The programme continues for the twelve month period beginning 10 August 2021, respective cash flows are incorporated in the going concern assessment of the Company.

The Company has been increasingly assessing climate related risk and opportunities that may be present to the Group. During the going concern period no significant risk has been associated to the Group and portfolio companies that would materially impact their ability to generate sufficient cash and continue as going concern.

In addition to the base case scenario described above, a further downside assessment has been prepared, which demonstrates that, even in a stressed scenario which assumes no dividend inflows and only partial loan repayments from the portfolio businesses that have been most negatively affected by the COVID-19 whilst retaining forecast capital allocations, the existing cash and highly liquid debt investment securities, including US$ 180 million (GEL 548 million) cash proceeds of GGU sale received on 2 February 2022 will be sufficient to cover the expected cash outflows of the holding companies for the Going Concern review period. Further to the loan commitment to Renewable energy business described above, Georgia Capital does not have any formal capital or debt commitments to its portfolio companies, with the exception of an EUR 16 million (31 December 2020: EUR 18 million) financial guarantee issued to a portfolio company owned by JSC GCAP. Management has assessed the probability of this guarantee being exercised as remote and has excluded it in the overall assessment accordingly. Georgia Capital does not have a primary mandate to deploy funds or divest assets within a specific time frame.

Based on the considerations outlined above, management of Georgia Capital concluded that going concern basis of preparation remains appropriate for these financial statements.

FAIR VALUE MEASUREMENTS

VALUATION TECHNIQUES

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

Investment in subsidiaries

Equity investments at fair value include investment in subsidiary at fair value through profit or loss representing 100% interest of JSC Georgia Capital. Georgia Capital PLC holds a single investment in JSC Georgia Capital (an investment entity on its own), which holds a portfolio of investments, both meet the definition of investment entity and Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit or loss. Investments in investment entity subsidiaries and loans issued are accounted for as financial instruments at fair value through profit and loss in accordance with IFRS 9. Debt securities owned are measured at fair value. We determine that, in the ordinary course of business, the net asset value of investment entity subsidiaries is considered to be the most appropriate to determine fair value. JSC Georgia Capital's net asset value as of 31 December 2021 and 31 December 2020 is determined as follows:

GEL '000	***31 December 2021***	***31 December 2020***
Assets		
Cash and cash equivalents	89,714	117,026
Amounts due from credit institutions	35,667	42,655
Marketable securities	79,716	13,416
Investment in redeemable securities	17,849	-
Equity investments at fair value	3,616,231	2,907,688
Of which listed investments	***681,186***	***531,558***
BOG	*681,186*	*531,558*
Of which private investments:	***2,935,045***	***2,376,130***
Large portfolio companies	***2,407,264***	***1,858,237***
Healthcare services	*731,819*	*571,656*
Retail (Pharmacy)	*710,385*	*552,745*
Water utility	*696,960*	*471,148*
P&C insurance	*211,505*	*197,806*
Medical insurance	*56,595*	*64,882*
Investment stage portfolio companies	***303,136***	***302,964***
Renewable energy	*173,288*	*209,902*
Education	*129,848*	93,062
Other portfolio companies	***224,645***	***214,929***
Loans issued	154,214	108,983
Other assets	8,475	7,276
Total assets	**4,001,866**	**3,197,044**
Liabilities		
Debt securities issued	1,095,433	980,932
Other liabilities	25,060	2,822
Total liabilities	**1,120,493**	**983,754**
Net Asset Value	**2,881,373**	**2,213,290**

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

Equity Investments in Listed Portfolio Companies

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

Equity Investments in Private Portfolio Companies

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

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

Equity investments in private portfolio companies are valued by applying an appropriate valuation method, which makes maximum use of market-based public information, is consistent with valuation methods generally used by market participants

and is applied consistently from period to period, unless a change in valuation technique would result in a more reliable estimation of fair value.
The value of an unquoted equity investment is generally crystallised through the sale or flotation of the entire business. Therefore, the estimation of fair value is based on the assumed realisation of the entire enterprise at the reporting date. Recognition is given to the uncertainties inherent in estimating the fair value of unquoted companies and appropriate caution is applied in exercising judgments and in making the necessary estimates.

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

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

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

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

a. Valuation based on enterprise value

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

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

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

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

b. Equity fair value valuation

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

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

Net Asset Value
The net assets methodology (NAV) involves estimating fair value of an equity investment in a private portfolio company based on its book value at reporting date. This method is appropriate for businesses (such as real estate) whose value derives mainly from

the underlying value of its assets and where such assets are already carried at their fair values (fair values determined by professional third-party valuation companies) on the balance sheet.

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

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

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

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

Valuation process for Level 3 valuations

As noted above, fair values of investments in private companies are assessed externally by an independent third-party valuation firm for large private portfolio companies at the reporting date starting from 31 December 2020 and internally in accordance with Georgia Capital's valuation methodology by the Valuation Workgroup for investment stage and other portfolio companies.
Georgia Capital's Management Board proposes fair values to be ascribed at each reporting date to the Audit and Valuation Committee. The Audit and Valuation Committee is responsible for the review and approval of fair values of investments at the end of each reporting period.

Description of significant unobservable inputs to level 3 valuations

The approach to valuations as of 31 December 2021 was consistent with the Company's valuation process and policy. Management continues to monitor the impact that the COVID-19 pandemic has on the valuation of portfolio companies.

In addition, management analyses the impact of climate change on the valuations, such as by incorporation of known effects of climate risks to the future cash flow forecasts or through adjusting peer multiples the known differences in the climate risk exposure as compared to the investment being fair valued. As at 31 December 2021, the management concluded that the effects of the climate risks are reflected in the peer multiples and discount rates used in the valuations as well as in the disclosed fair valuation sensitivities to changes in peer multiples and discount rates and that no specific adjustments are required in relation of the Group's investment portfolio measurement and respective fair value sensitivity disclosures.

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

31 December 2021				
Description	***Valuation technique***	***Unobservable input***	***Range [selected input]***	***Fair value (GEL '000)***
Loans Issued	DCF	Discount rate	5.5%-16%	*154,214*
Equity investments at fair value				
Large portfolio				*2,407,264*
Healthcare services	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.9x-22.6x [10.3x]	*731,819*
Retail (Pharmacy)	*DCF, EV/EBITDA*	EV/EBITDA multiple	6.8x-19.9x [9.3x]	*710,385*
Water utility	Exit price	N/A	N/A	*696,960*
P&C insurance	*DCF, P/E*	P/E multiple	8.0x-28.7x [12.0x]	*211,505*
Medical insurance	*DCF, P/E*	P/E multiple	9.7x-16.6x [15.0x]	*56,595*
Investment stage				*303,136*
Renewable energy	Sum of the parts	EV/EBITDA multiple	10.1x-19.6x [9.2x-12.5x]	*173,288*
Education	EV/EBITDA	EV/EBITDA multiple	7.3x-21.7x [12.5x]	*129,848*
Other	Sum of the parts	EV/EBITDA multiples	1.1x-17.1x [4.8x-9.8x]	*224,645*
		EV/Sales multiple	1.1x-2.7x [1.9x]	
		Cashflow probability	[90%-100%]	
		NAV multiple	[0.9x]	

Georgia Capital hired third-party valuation professionals to assess fair value of the large private portfolio companies as at 31 December 2020 and 31 December 2021 including Water Utility, P&C insurance, Healthcare Services, Retail (Pharmacy) and Medical Insurance. The valuation is performed by applying several valuation methods that are weighted to derive fair value range, with the income approach being more heavily weighted than market approach. Management selects most appropriate point in the provided fair value range at the reporting date. On 31 December 2021, Georgia Capital signed SPA to dispose 80% interest in Water Utility business. Costs related to the transaction were GEL 2,937,000. At 31 December 2021 Georgia Capital measures its 100% of Water Utility business at the exit price, adjusted for shareholding percentage (2020: measured at a combination of income and market approach by the third party valuation professional).

ADDITIONAL FINANCIAL INFORMATION

NAV statement summarises the Group's IFRS equity value (which we refer to as Net Asset Value or NAV in the NAV Statement below) at the opening and closing dates for the full year (31-Dec-20 and 31-Dec-21). The NAV Statement below breaks down NAV into its components and provides a roll forward of the related changes between the reporting periods.

GEL '000, unless otherwise noted *(Unaudited)*	Dec-20	1. Value creation[55]	2a. Investment	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Dec-21	Change %
Listed Portfolio Companies									
Bank of Georgia (BoG)	531,558	164,109	-	-	(14,481)	-	-	681,186	28.1%
Total Listed Portfolio Value	**531,558**	**164,109**	**-**	**-**	**(14,481)**	**-**	**-**	**681,186**	**28.1%**
Listed Portfolio value change %		***30.9%***	***0.0%***	***0.0%***	***-2.7%***	***0.0%***	***0.0%***	***28.1%***	
Private Portfolio Companies									
Large Companies	**1,858,237**	**583,852**	-	**-**	**(39,881)**	**-**	**5,056**	**2,407,264**	**29.5%**
Healthcare Services	*571,656*	*171,708*	-	-	*(11,545)*	-	-	*731,819*	*28.0%*
Retail (Pharmacy)	*552,745*	*169,100*	-	-	*(11,460)*	-	-	*710,385*	*28.5%*
Water Utility	*471,148*	*221,179*	-	-	-	-	*4,633*	*696,960*	*47.9%*
Insurance (P&C and Medical)	*262,688*	*21,865*	-	-	*(16,876)*	-	*423*	*268,100*	*2.1%*
Of which, P&C Insurance	*197,806*	*28,157*	-	-	*(14,881)*	-	*423*	*211,505*	*6.9%*
Of which, Medical Insurance	*64,882*	*(6,292)*	-	-	*(1,995)*	-	-	*56,595*	*-12.8%*
Investment Stage Companies	**302,964**	**1,632**	**17,415**	**-**	**(20,000)**	**-**	**1,125**	**303,136**	**0.1%**
Renewable Energy	*209,902*	*(21,463)*	*3,724*	-	*(20,000)*	-	*1,125*	*173,288*	*-17.4%*
Education	*93,062*	*23,095*	*13,691*	-	-	-	-	*129,848*	*39.5%*
Other Companies	**214,929**	**6,843**	**881**	**-**	**-**	**-**	**1,992**	**224,645**	**4.5%**
Total Private Portfolio Value	**2,376,130**	**592,327**	**18,296**	-	**(59,881)**	-	**8,173**	**2,935,045**	**23.5%**
Private Portfolio value change %		***24.9%***	***0.8%***	***0.0%***	***-2.5%***	***0.0%***	***0.3%***	***23.5%***	
Total Portfolio Value (1)	**2,907,688**	**756,436**	**18,296**	**-**	**(74,362)**	**-**	**8,173**	**3,616,231**	**24.4%**
Total Portfolio value change %		***26.0%***	***0.6%***	***0.0%***	***-2.6%***	***0.0%***	***0.3%***	***24.4%***	
Net Debt (2)	**(697,999)**	**-**	**(18,296)**	**(25,089)**	**74,362**	**(21,852)**	**(22,200)**	**(711,074)**	**1.9%**
of which, Cash and liquid funds	*175,289*	-	*(18,296)*	*(25,089)*	*74,362*	*(21,852)*	*87,903*	*272,317*	*55.4%*
of which, Loans issued	*108,983*	-	-	-	-	-	*45,231*	*154,214*	*41.5%*
of which, Gross Debt	*(982,271)*	-	-	-	-	-	*(155,334)*	*(1,137,605)*	*15.8%*
Net other assets/ (liabilities) **(3)**	2,603	-	-	-	-	(14,633)	(9,505)	(21,535)	NMF
of which, share-based comp.	-	-	-	-	-	*(14,633)*	*14,633*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,212,292**	**756,436**	**-**	**(25,089)**	**-**	**(36,485)**	**(23,532)**	**2,883,622**	**30.3%**
NAV change %		***34.2%***	***0.0%***	***-1.1%***	***0.0%***	***-1.6%***	***-1.1%***	***30.3%***	
Shares outstanding[55]	45,977,247	-	-	(942,744)	-	-	717,859	45,752,362	-0.5%
Net Asset Value per share, GEL	**48.12**	**16.45**	**(0.00)**	**0.45**	**(0.00)**	**(0.80)**	**(1.18)**	**63.03**	**31.0%**
NAV per share, GEL change %		***34.2%***	***0.0%***	***0.9%***	***0.0%***	***-1.7%***	***-2.5%***	***31.0%***	

[55] Please see definition in glossary on page 38.

Basis of presentation

This announcement contains unaudited financial results presented in accordance UK-adopted international accounting standards ("IFRS"). The financial results are unaudited and derived from management accounts.

The information in this Announcement in respect of full year 2021 preliminary results, which was approved by the Board of Directors on 22 February 2022, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The Group's financial statements for the year ended 31 December 2020 were filed with the Registrar of Companies, and the audit reports were unqualified and contained no statements in respect of Sections 498 (2) or (3) of the UK Companies Act 2006. The financial statements for the year ended 31 December 2021 will be included in the Annual Report and Accounts to be published in March 2021 and filed with the Registrar of Companies in due course.

Under IFRS 10, Georgia Capital PLC meets the "investment entity" definition and does not consolidate its portfolio companies, instead the investments are measured at fair value. Our Group level discussion is therefore based on the IFRS 10 investment entity accounts.

Net Asset Value statement, as included in notes to IFRS financial statements (page 32 in this document), summarises the Group's equity value and drivers of related changes between the reporting periods. Georgia Capital PLC holds a single investment -- in JSC Georgia Capital (an investment entity on its own) - which in turn owns a portfolio of investments, each measured at fair value. Georgia Capital PLC measures its investment in JSC Georgia Capital at fair value through profit and loss under IFRS, estimated with reference to JSC Georgia Capital's own investment portfolio value as offset against its net debt. NAV is calculated at stand-alone GCAP level, which represents the aggregation of the stand-alone assets and liabilities of Georgia Capital PLC and JSC Georgia Capital.

The income statement presents the Group's results of operations for the reporting period. 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. To enable a comprehensive view of the combined operations of Georgia Capital PLC and JSC Georgia Capital (together referred to herein as "GCAP") as if it were one holding company, we adjust the accounts ("adjusted IFRS 10 Income Statement"). 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. A full reconciliation of the adjusted income statement, to the IFRS income statement is provided on page 27. Our adjusted IFRS 10 income statement may be viewed as alternative performance measure (APM).

Additionally, for the majority of our portfolio companies the fair value of our equity investment is determined by the application of a market approach (listed peer multiples and precedent transactions) and an income approach (DCF). Under the market approach, listed peer group earnings multiples are applied to the trailing twelve month (LTM) stand-alone IFRS earnings of the relevant business. 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. As such, the stand-alone IFRS results and developments behind IFRS earnings of our portfolio companies are key drivers in their valuations. Following the Group discussion, we therefore also present IFRS financial statements for material companies and a related brief results discussion.

Summary of valuation methodology for our investment portfolio

The fair values of the large private portfolio companies at year-end 2021 were assessed by an independent valuation company. Combination of income approach (DCF) and market approach (listed peer multiples and in some cases precedent transactions) was applied consistently under both, internal and external valuation approaches. However, the independent valuation company's approach is more highly weighted towards DCF. More details on the methodology underlying the independent valuation is provided on pages 31-35 in fair value measurement note to IFRS financial statements and also will be provided in the Annual Reports and Accounts.

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.

Disclaimer

Georgia Capital engaged Kroll (formerly known as Duff & Phelps), a third-party independent valuation firm to provide a range of fair values of certain subject investments. For the period ended 31 December 2021, Georgia Capital asked the independent valuation firm to independently estimate a range of fair value for 100 percent of Georgia Healthcare Group ("GHG"), JSC Insurance Company Aldagi Group ("Aldagi") and Georgia Global Utilities ("GGU"). Kroll performed limited procedures and applied their judgement to estimate fair value range based on the facts and circumstances known to them as at the valuation date, 31 December 2021. The analysis performed by Kroll was based upon data and assumptions provided by Georgia Capital and received from third party sources, which the independent valuation firm relied upon as being accurate without independent verification. The advice of the third party independent valuation firm is one input that the Georgia Capital considered for determining the fair value of GHG, Aldagi and GGU, for which the Company is ultimately and solely responsible. In this context, Kroll's role as independent valuation service provider did not constitute an endorsement of Georgia Capital either from a financial or operational point of view, nor did they provide a transaction, fairness or solvency opinion. The results of the independent valuation report should not be relied upon by anyone for any investment or transaction purpose related to the Company or any underlying investments.

COMPANY INFORMATION

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