FINANCIAL PERFORMANCE HIGHLIGHTS (IFRS)[1]

GEL '000, unless otherwise noted	Mar-22	Dec-21	Change
Georgia Capital NAV overview			
NAV per share, GEL	52.62	63.03	-16.5%
Net Asset Value (NAV)	2,371,047	2,883,622	-17.8%
Total portfolio value	2,608,626	3,616,231	-27.9%
Liquid assets and loans issued	882,574	426,531	106.9%
Net debt	(239,385)	(711,074)	-66.3%
Georgia Capital Performance	**1Q22**	**1Q21**	**Change**
Total portfolio value creation	(450,821)	8,536	NMF
of which, listed and observable businesses	*(207,707)*	*(26,452)*	*NMF*
of which, private businesses	*(243,114)*	*34,988*	*NMF*
Investments	1,572	8,200	-80.8%
Divestments	(557,568)	-	NMF
Buybacks	(26,052)	(1,712)	NMF
Dividend income	2,195	4,738	-53.7%
Net loss	(485,249)	(44,850)	NMF
Private portfolio companies' performance[1,2]	**1Q22**	**1Q21**	**Change**
Large portfolio companies			
Revenue	315,038	280,471	12.3%
EBITDA	39,776	36,998	7.5%
Net operating cash flow	28,665	8,952	NMF
Investment stage portfolio companies			
Revenue	43,141	33,586	28.4%
EBITDA	12,742	10,646	19.7%
Net operating cash flow	6,277	3,650	71.9%
Total portfolio[3]			
Revenue	434,956	378,347	15.0%
EBITDA	53,821	54,188	-0.7%
Net operating cash flow	31,571	17,202	83.5%

KEY POINTS

- NAV per share (GEL) down 16.5% in 1Q22, reflecting the impact on portfolio asset valuations from market movements in discount rates and listed peer multiples resulting from the Russia-Ukraine war:
    - GEL 243.1 million value reduction in private portfolio assets (-8.4 ppts impact on the NAV per share)
    - GEL 207.7 million value reduction in BoG stake value as share price decreased by 28.8% (-7.2 ppts impact)
- Receipt of GEL 526.7 million (US$ 173 million) cash proceeds (net of transaction fees) from the disposal of an 80% equity interest in the water utility business, leading to the portfolio value reduction by GEL 557.6 million, and contributing to a 66.3% decrease in the Group's net debt in 1Q22
- Outstanding growth in aggregated net operating cash flow generation across our private businesses, up 83.5% in 1Q22
- c.873,000 shares (c.2% of issued capital) repurchased in 1Q22 under the current share buyback and cancellation programme, bringing the total bought back and cancelled shares to c.4% of issued capital as at 6 May 2022
- Market Value Leverage ("MVL")[4] down 7.7 ppts to 16.5% in 1Q22 (from 24.2% as of 31-Dec-21)

INVESTOR DAY 2022 DETAILS: Investor Day, organised by the Group, will be held on 9 May 2022 in London, UK. 1Q22 results will be discussed during the event. Further details about Investor Day are available on our webpage: https://georgiacapital.ge/ir/news.

[1] See "Basis of Presentation" for more background on page 23. 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] Private portfolio companies' performance highlights are presented excluding the water utility business. The healthcare services business is now split into two individual businesses: Hospitals (large portfolio companies) and Clinics & Diagnostics (investment stage portfolio companies). Aggregated numbers are presented like-for-like basis.
[3] The results of our five smaller businesses included in other portfolio companies (described on pages 21-22) 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] Please see definition in glossary on page 23.

CHAIRMAN AND CEO'S STATEMENT

The Russia-Ukraine war has resulted in extraordinary global economic disruption, as unprecedented sanctions were imposed upon the Russian economy; energy prices have surged, and global spillover risks have been substantially increased. Besides its devastating economic impact, the war has led to one of the largest humanitarian crisis in contemporary history, with further consequences expected to follow as the situation develops. Global geopolitical and economic uncertainty has surged, leading to increased volatility across both global and regional markets. While the uncertainties remain and potential outcomes can vary, history has shown that Georgia has a very strong track record of resilience against such challenges. Georgia Capital is also well-positioned to withstand any potential pressures, with a strong mix of portfolio investments in predominantly defensive sectors. Against the challenging economic and geopolitical backdrop created by the regional conflict, the operational performance of our high-quality businesses during the first quarter of 2022 was outstanding. This performance reflects the high level of resilience of our portfolio companies, run by our strong management teams.

Successful completion of the water utility business sale. In 1Q22, we successfully completed the first stage of the water utility business disposal, which represents our most significant monetisation event to date and marks the completion of the full investment cycle for one of our large portfolio businesses: from acquisition and development, to cash exit. The disposal realised US$ 180 million cash proceeds in February 2022 and created substantial value for our shareholders. The sale valuation translates into 2.7x MOIC in US$ (3.6x MOIC in GEL) and 20% IRR in US$ (27% IRR in GEL). This also further validates GCAP's NAV and marks the delivery of our key strategic priority, announced in November 2020, to dispose of one of our large businesses. At the same time, proceeds from the sale also have a significant positive impact on the Group's leverage profile, reducing a) net debt by 66.3% to GEL 239.4 million and b) Market Value Leverage by 7.7 ppts to 16.5% as at 31-Mar-22.

Updating the NAV format. Following the disposal of 80% of water utility shares, the remaining 20% equity stake in the business (where we have a clear exit path through a put and call structure at pre-agreed EBITDA multiples) will be presented under the listed and observable portfolio category, alongside our 19.9% investment in BoG. In addition, the healthcare services business is now split into two individual businesses (Hospitals, and Clinics & Diagnostics) given the differences in their stage of development. With a GEL 524.3 million equity value as of 31-Mar-22, our growing, market-leading, non-cyclical hospitals business will be presented under the large portfolio category. Clinics and Diagnostics, where we expect significant value creation over the next few years, will be presented alongside Renewable Energy and Education under the investment stage portfolio category.

NAV per share (GEL) was down 16.5% in 1Q22 to GEL 52.62. The decrease in NAV per share (GEL) in 1Q22 reflects the impact on portfolio asset valuations from market movements in discount rates and listed peer multiples resulting from the Russia-Ukraine war. In 1Q22, the value reduction across our private portfolio companies amounted to GEL 243.1 million (-8.4 ppts impact), of which, the negative impact from changes in valuation multiples amounted to GEL 196.3 million within our private portfolio (-6.8 ppts impact). BoG's share price during 1Q22 decreased by 28.8%, reducing the value of GCAP's holding by GEL 207.7 million (-7.2 ppts impact). The NAV per share was further impacted by management platform related costs and other expenses (-2.2 ppts impact). The NAV per share decrease was partially offset by the accretive impact from share buybacks - in line with the current share buyback and cancellation programme (+1.3ppts impact).

US$ 10 million increase to the existing share buyback programme in 1Q22. Despite delivering on our strategy and validating our private portfolio valuations, the discount to the NAV per share remained high at above 50% during 1Q22. Accordingly, we took the opportunity to increase the share buyback programme by an additional US$ 10 million. As a result, c.873,000 shares (c.2% of issued capital) were repurchased in 1Q22, under the current share buyback and cancellation programme, bringing the total number of shares bought back and cancelled to c.4% of issued capital since August 2021. Today we are further increasing our buybacks by an additional US$ 10 million (see page 23 for details).

Underlying operating performances across our private portfolio were excellent. Despite the economic challenges, the aggregated revenue across our large portfolio companies, which now excludes the recently divested water utility business, increased by 12.3% y-o-y to GEL 315.0 million and EBITDA was up 7.5% y-o-y to GEL 39.8 million in 1Q22. Revenue and EBITDA of investment stage portfolio companies increased by 28.4% and 19.7% y-o-y, respectively, in 1Q22, reflecting the robust operating performance of the businesses. In total, the aggregated revenue of our private portfolio companies was up 15.0% y-o-y to GEL 435.0 million, while EBITDA was down 0.7% y-o-y to GEL 53.8 million. The EBITDA decrease reflects developments within our other portfolio, where the ongoing war negatively impacted our wine (c. 60% sales exposure to Russia and Ukraine in 2021) and housing businesses (significant growth in construction materials costs).

Overall, the strong revenue growth translated into outstanding aggregated net operating cash flow generation across our private businesses, up 83.5% y-o-y in 1Q22.

From a **macroeconomic perspective**, Georgia's economic recovery accelerated at the beginning of 2022, with real GDP growing by an estimated 14.4% in 1Q22, following its 10.4% expansion in 2021. On the domestic side, the recovery has been supported by the fiscal stance remaining expansionary, as both current and capital expenditures grew by 13% y-o-y in 1Q22, facilitated by a 33.5% increase in fiscal revenues. Credit expansion has also been robust, as commercial bank loans grew by 18% y-o-y in March on a nominal basis. On the external side, strong remittance inflows (up 9.2% y-o-y in 1Q22) were supported by merchandise exports (up 43.3% y-o-y in 1Q22) and tourism revenues rebounding to over 71% of pre-pandemic levels in

March 2022. The impact of the war in Ukraine has so far been relatively limited, as merchandise exports and remittances grew by 26.3% and 2.6% y-o-y respectively in March 2022. The Georgian Lari (GEL) has appreciated by 8% against the US dollar (USD) compared to the beginning of 2021 as of 5 May 2022, driven by growing 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 strong market confidence. The public-debt-to-GDP ratio fell to under 50% by the end of 2021, a reduction of over 10 percentage points (pp) compared to the end of 2020, supported by higher-than-expected growth and GEL strengthening. The overall fiscal deficit is projected to fall to under 4.5% of GDP in 2022 and under 3% of GDP in 2023, as fiscal support has begun to moderate and the operating balance has switched back to surplus. The National Bank of Georgia (NBG) further tightened the GEL refinancing rate by 50 basis points (bps) to 11% in March 2022, reflecting the potential risk of entrenched inflationary expectations due to a prolonged period of rising prices. Inflation reached 12.8% in April 2022 and is expected to return to single digits from the second half of the year.

Outlook. Despite the significant and ongoing global tensions and their negative economic impact on the region, our portfolio businesses, except for wine and housing businesses, have remained unaffected. However, the long-term consequences of the war remain unpredictable and very difficult to assess. I have always highlighted that we must be constantly mindful of emerging risks, whilst continuing to tap attractive investment opportunities. We will be increasing our focus on balancing the varying risks and opportunities in an ever-changing, very volatile environment, where it is extremely difficult to predict the short and long-term impacts of the recent geopolitical tensions on our people, our businesses, and our country. Having adopted a relatively conservative approach to managing our investment portfolio and balance sheet leverage, I believe Georgia Capital is well-positioned to withstand the potential pressures and deliver consistent NAV per share growth over the medium term.

Irakli Gilauri, Chairman and CEO

DISCUSSION OF GROUP RESULTS

The discussion below analyses the Group's unaudited net asset value at 31-Mar-22 and its income for the first quarter then ended on an IFRS basis (see "Basis of Presentation" on page 23 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 first quarter (31-Dec-21 and 31-Mar-22). The NAV Statement below breaks down NAV into its components and provides a roll forward of the related changes between the reporting periods.

NAV STATEMENT 1Q22

GEL '000, unless otherwise noted	Dec-21	1. Value creation[5]	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Mar-22	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	681,186	(207,707)	-	-	-	-	-	473,479	-30.5%
Water Utility	-	-	139,392	-	-	-	-	139,392	NMF
Total Listed and Observable Portfolio Value	**681,186**	**(207,707)**	**139,392**	**-**	**-**	**-**	**-**	**612,871**	**-10.0%**
Listed and Observable Portfolio value change %		***-30.5%***	***20.5%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***-10.0%***	
Private Portfolio Companies									
Large Companies	**2,249,260**	**(142,532)**	**(696,960)**	**-**	**-**	**-**	**714**	**1,410,482**	**-37.3%**
Retail (Pharmacy)	*710,385*	*(53,306)*	*-*	*-*	*-*	*-*	*-*	*657,079*	*-7.5%*
Hospitals	*573,815*	*(49,519)*	*-*	*-*	*-*	*-*	*-*	*524,296*	*-8.6%*
Water Utility	*696,960*	*-*	*(696,960)*	*-*	*-*	*-*	*-*	*-*	*-100.0%*
Insurance (P&C and Medical)	*268,100*	*(39,707)*	*-*	*-*	*-*	*-*	*714*	*229,107*	*-14.5%*
Of which, P&C Insurance	*211,505*	*(27,590)*	*-*	*-*	*-*	-	*714*	*184,629*	*-12.7%*
Of which, Medical Insurance	*56,595*	*(12,117)*	*-*	*-*	*-*	-	*-*	*44,478*	*-21.4%*
Investment Stage Companies	**461,140**	**(13,488)**	**1,559**	**-**	**(2,195)**	**-**	**231**	**447,247**	**-3.0%**
Clinics and Diagnostics	*158,004*	*(9,987)*	*-*	*-*	*-*	*-*	*-*	*148,017*	*-6.3%*
Renewable Energy	*173,288*	*(7,856)*	*394*	-	*(2,195)*	-	*231*	*163,862*	*-5.4%*
Education	*129,848*	*4,355*	*1,165*	-	-	-	*-*	*135,368*	*4.3%*
Other Companies	**224,645**	**(87,094)**	**13**	**-**	**-**	**-**	**462**	**138,026**	**-38.6%**
Total Private Portfolio Value	**2,935,045**	**(243,114)**	**(695,388)**	**-**	**(2,195)**	**-**	**1,407**	**1,995,755**	**-32.0%**
Private Portfolio value change %		***-8.3%***	***-23.7%***	***0.0%***	***-0.1%***	***0.0%***	***0.0%***	***-32.0%***	
Total Portfolio Value (1)	**3,616,231**	**(450,821)**	**(555,996)**	**-**	**(2,195)**	**-**	**1,407**	**2,608,626**	**-27.9%**
Total Portfolio value change %		***-12.5%***	***-15.4%***	***0.0%***	***-0.1%***	***0.0%***	***0.0%***	***-27.9%***	
Net Debt (2)	**(711,074)**	**-**	**555,996**	**(26,052)**	**2,195**	**(5,217)**	**(55,233)**	**(239,385)**	**-66.3%**
of which, Cash and liquid funds	*272,317*	*-*	*555,996*	*(26,052)*	*2,195*	*(5,217)*	*(80,714)*	*718,525*	*NMF*
of which, Loans issued	*154,214*	*-*	*-*	*-*	*-*	*-*	*9,835*	*164,049*	*6.4%*
of which, Gross Debt	*(1,137,605)*	*-*	*-*	*-*	*-*	*-*	*15,646*	*(1,121,959)*	*-1.4%*
Net other assets/ (liabilities) (3)	(21,535)	-	-	-	-	(4,088)	27,429	1,806	NMF
of which, share-based comp.		-	-	-	-	(4,088)	4,088	-	
Net Asset Value (1)+(2)+(3)	**2,883,622**	**(450,821)**	**-**	**(26,052)**	**-**	**(9,305)**	**(26,397)**	**2,371,047**	-17.8%
NAV change %		***-15.6%***	***0.0%***	***-0.9%***	***0.0%***	***-0.3%***	***-0.9%***	***-17.8%***	
Shares outstanding[5]	45,752,362	-	-	(992,255)	-	-	302,932	45,063,039	-1.5%
Net Asset Value per share, GEL	**63.03**	**(9.86)**	**(0.00)**	**0.81**	**(0.00)**	**(0.21)**	**(1.15)**	**52.62**	**-16.5%**
NAV per share, GEL change %		***-15.6%***	***0.0%***	***1.3%***	***0.0%***	***-0.3%***	***-1.8%***	***-16.5%***	

NAV per share (GEL) decreased by 16.5% in 1Q22, reflecting a) value reduction of BoG and private portfolio companies with a 7.2 ppts and 8.4 ppts negative impact on the NAV per share, respectively, and b) management platform related costs and other expenses (-2.2 ppts impact). The NAV per share decrease was partially offset by the accretive impact from share buybacks (+1.3ppts impact).

Portfolio overview

The total portfolio value decreased by GEL 1,007.6 million (27.9%) to GEL 2,608.6 million in 1Q22:

- GEL 557.6 million value decrease was attributable to the disposal of an 80% equity interest in the water utility business which was converted into cash – 15.4 ppts of the total decrease.
- The value of our private portfolio companies decreased by GEL 242.3 million – 6.7 ppts of the total.
- The value of BoG decreased by GEL 207.7 million – 5.7 ppts of the total.

[5] Please see definition in glossary on page 23.

Consequently, as of 31-Mar-22, the listed and observable portfolio value totalled GEL 612.9 million (23.5% of total), and the private portfolio value amounted to GEL 2.0 billion (76.5% of total portfolio value). The total portfolio value reduction also reflects GEL 2.2 million dividends paid to GCAP in 1Q22, which were slightly offset by the investment of GEL 1.6 million predominantly in the renewable energy and education businesses.

Value creation

The ongoing war between Russia and Ukraine, which began in February 2022, has created substantial uncertainties in the economic environment in the region and beyond. However, with limited direct exposure to Russia or Ukraine, our portfolio of high-quality and defensive companies has remained resilient in the face of the geopolitical tensions. Aggregated revenue and EBITDA of our large and investment stage portfolio companies increased by 14.0% and 10.2% y-o-y, respectively, in 1Q22, leading to a GEL 38.9 million operating-performance related increase in the value of our private portfolio. The increase was offset by the developments across our other businesses, where wine and housing businesses were impacted by the spillover effect of the war (GEL 81.2 million negative impact). As a result, the total operating-performance related value reduction of our private assets amounted to GEL 42.3 million in 1Q22. The ongoing geopolitical tensions affected the discount rates and listed peer multiples used in our DCF and multiple-based valuation assessments. In total, the negative net impact from changes in valuation multiples and foreign currency exchange rates totalled GEL 200.8 million within our private portfolio in 1Q22. BoG's share price during 1Q22 decreased by 28.8%, reducing the value of our investment by GEL 207.7 million. The developments described above translated into GEL 450.8 million negative value creation during 1Q22.

The table below summarises value creation drivers in our businesses in 1Q22:

Portfolio Businesses	Operating Performance[6]	Greenfields / buy-outs / exits[7]	Multiple Change and FX[8]	Value Creation
GEL '000, unless otherwise noted	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed and Observable				**(207,707)**
BoG				(207,707)
Water Utility				-
Private	**(42,264)**	**(13)**	**(200,837)**	**(243,114)**
Large Portfolio Companies	**25,022**	**-**	**(167,554)**	**(142,532)**
Retail (pharmacy)	*67,304*	-	*(120,610)*	*(53,306)*
Hospitals	*(31,024)*	-	*(18,495)*	*(49,519)*
Insurance (P&C and Medical)	*(11,258)*	-	*(28,449)*	*(39,707)*
Of which, P&C Insurance	*(2,914)*	-	*(24,676)*	*(27,590)*
Of which, Medical Insurance	*(8,344)*	-	*(3,773)*	*(12,117)*
Investment Stage Portfolio Companies	**13,918**	**-**	**(27,406)**	**(13,488)**
Clinics and Diagnostics	*871*	-	*(10,858)*	*(9,987)*
Renewable Energy	*(2,683)*	-	*(5,173)*	*(7,856)*
Education	*15,730*	-	*(11,375)*	*4,355*
Other	**(81,204)**	**(13)**	**(5,877)**	**(87,094)**
Total portfolio	**(42,264)**	**(13)**	**(200,837)**	**(450,821)**

Valuation overview

In 1Q22 we performed a comprehensive analysis to determine the impact of the Russia-Ukraine war on our private portfolio valuations. In our analysis, we estimated the impact of the war on discount rates as well as reviewed the changes in listed peer multiples and overall movement in emerging and regional markets. Uncertainties surrounding the geopolitical tensions translated into approximately a 1.5%-2% increase in discount rates and reduced listed peer multiples and were reflected accordingly in the private portfolio companies' valuations in 1Q22.

In 1Q22, our private large portfolio companies were valued internally by incorporating the portfolio companies' 1Q22 results, in line with International Private Equity Valuation ("IPEV") guidelines and methodology deployed at the end of 2021 by an independent valuation company. 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). 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.

Starting from 2Q22, similar to the private large portfolio companies, the investment stage businesses will be also valued by an independent valuation company on a semi-annual basis. In 1Q22, our 20% equity stake in the water utility business was valued at the recent transaction price.

[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 transaction price.
[8] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.

The enterprise value and equity value development of our businesses in 1Q22 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted	31-Mar-22	31-Dec-21	Change %	31-Mar-22	31-Dec-21	Change %	% share in total portfolio
Listed and Observable portfolio				**612,871**	**681,186**	**-10.0%**	**23.5%**
BoG				473,479	681,186	-30.5%	18.2%
Water Utility				139,392	-	NMF	5.3%
Private portfolio	**3,277,591**	**4,628,048**	**-29.2%**	**1,995,755**	**2,935,045**	**-32.0%**	**76.5%**
Large portfolio companies	**1,845,498**	**3,121,089**	**-40.9%**	**1,410,482**	**2,249,260**	**-37.3%**	**54.1%**
Retail (pharmacy)	900,218	952,269	-5.5%	657,079	710,385	-7.5%	25.2%
Hospitals	735,626	791,756	-7.1%	524,296	573,815	-8.6%	20.1%
Water Utility	-	1,129,902	NMF	-	696,960	NMF	0.0%
Insurance (P&C and Medical)	209,654	247,162	-15.2%	229,107	268,100	-14.5%	8.8%
Of which, P&C Insurance	184,629	211,505	-12.7%	184,629	211,505	-12.7%	7.1%
Of which, Medical Insurance	25,025	35,657	-29.8%	44,478	56,595	-21.4%	1.7%
Investment stage portfolio companies	**779,019**	**779,824**	**-0.1%**	**447,247**	**461,140**	**-3.0%**	**17.1%**
Clinics and Diagnostics	206,128	211,629	-2.6%	148,017	158,004	-6.3%	5.7%
Renewable Energy	427,321	428,248	-0.2%	163,862	173,288	-5.4%	6.3%
Education[9]	145,570	139,947	4.0%	135,368	129,848	4.3%	5.2%
Other	**653,074**	**727,135**	**-10.2%**	**138,026**	**224,645**	**-38.6%**	**5.3%**
Total portfolio				**2,608,626**	**3,616,231**	**-27.9%**	**100.0%**

Private large portfolio companies (54.1% of total portfolio value)[10]

Retail (Pharmacy) (25.2% of total portfolio value) – Despite the robust operating performance, the Enterprise Value (EV) of Retail (Pharmacy) decreased by 5.5% to GEL 900.2 million in 1Q22, driven by market movements in discount rates and listed peer multiples resulting from the Russia-Ukraine war. Revenue was up by 14.4% y-o-y in 1Q22, reflecting the launch of new pharmacies (added 37 pharmacies over the last 12 months) and organic sales growth (same-store revenue up 17.5 ppts y-o-y in 1Q22). EBITDA (excl. IFRS 16) was up 57.5% y-o-y in 1Q22. See page 11 for details. Consequently, LTM EBITDA (incl. IFRS 16) increased 8.2% to GEL 111.4 million in 1Q22. Net debt (incl. financial lease liabilities) increased by 13.1% q-o-q to GEL 133.9 million, mainly reflecting a decrease in cash balance due to the payment of GEL 10.0 million under the first tranche of the minority interest buyout (10% valued at GEL 41.2 million) in the business. As a result, the fair value decreased by GEL 53.3 million in 1Q22 and the equity value of GCAP's holding amounted to GEL 657.1 million as of 31-Mar-22. The implied LTM EV/EBITDA valuation multiple (incl. IFRS 16) decreased to 8.1x as at 31-Mar-22 (down from 9.3x as of 31-Dec-21).

Hospitals (20.1% of total portfolio value) – Hospitals' EV decreased by 7.1% to GEL 735.6 million in 1Q22, reflecting decreases relating to both market movements resulting from the war, and the operating performance of the business. The occupancy rate, as well as the number of admissions, were up by 4.2 ppts and 33.9% y-o-y, respectively, in 1Q22, translating into hospitals' y-o-y net revenue growth of 9.0%. As the number of COVID cases started to decrease substantially starting from 2022, the Government suspended COVID contracts with hospitals in March 2022. Restructuring the cost base of COVID hospitals and phasing out from Government contracts temporarily suppressed business margins in 1Q22 which, coupled with the absence of state income tax subsidy for low salary range employees, effective from May 2020 till June 2021, translated into a 7.3 ppts y-o-y decrease in the EBITDA margin (excl. IFRS 16). Consequently, EBITDA (excl. IFRS 16) was down 19.9% y-o-y in 1Q22. See page 13 for details. LTM EBITDA (incl. IFRS 16) decreased by 4.8% to GEL 71.5 million in 1Q22 and the net debt (incl. financial lease liabilities) was down 2.1% q-o-q to GEL 174.7 million. As a result, the equity value of the business was assessed at GEL 524.3 million, down 8.6% q-o-q in 1Q22, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 10.3x at 31-Mar-22 (10.5x at 31-Dec-21).

Insurance (P&C and Medical) (8.8% of total portfolio value) – The insurance business combines: a) P&C Insurance valued at GEL 184.6 million and b) Medical Insurance valued at GEL 44.5 million.

P&C Insurance – Net premiums earned increased by 16.0% y-o-y to GEL 21.7 million in 1Q22, mainly reflecting the growth in the credit life and liability insurance lines. The revenue growth and the well-controlled operating cost base of the business led to a decrease in expense ratio by 0.7 ppts y-o-y in 1Q22. The loss ratio was also down by 0.8 ppts, mainly reflecting improvement in the loss ratio of the motor insurance line and decreased COVID-19-related credit life insurance claims. The improved expense and loss ratios translated into a decreased combined ratio by 1.5 ppts in 1Q22. However, net income was down 5.0% y-o-y in 1Q22, primarily due to GEL 0.6 million loss incurred on investment securities reflecting market movements. See page 14 for details. LTM net income[11] was down by 1.2% to GEL 17.4 million in 1Q22. Consequently, the equity value of the P&C insurance business was assessed at GEL 184.6 million at 31-Mar-22 (down 12.7% q-o-q). The implied LTM P/E valuation multiple stood at 10.6x in 1Q22 (down from 12.0x in 4Q21).

Medical Insurance – Net premiums earned increased by 1.1% y-o-y to GEL 17.5 million in 1Q22, predominantly driven by a c.5% increase in the price of insurance policies. Net claims expenses were also up by 6.4% y-o-y in 1Q22, in line with 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 23 in "Basis of presentation".
[11] Adjusted for non-recurring items.

rebounding trend of elective healthcare services, compared to the patient footprint slowdown last year due to the pandemic. As a result, the net income of the medical insurance business was down 67.2% y-o-y in 1Q22. See page 14 for details. LTM net income[12] was down by 15.8% to GEL 3.2 million in 1Q22, and the equity value of the business was assessed at GEL 44.5 million at 31-Mar-22 (down 21.4% q-o-q). The implied LTM P/E valuation multiple was at 14.0x in 1Q22, down from 15.0x in 4Q21.

Private investment stage portfolio companies (17.1% of total portfolio value)

Clinics and Diagnostics (5.7% of total portfolio value) – The business was valued by applying a combination of income and market approaches. Despite the strong operating performance, movements in the valuation inputs due to the Russia-Ukraine war led to a 2.6% q-o-q decrease in EV of Clinics and Diagnostics to GEL 206.1 million in 1Q22. Revenue of the clinics business increased by 28.1% y-o-y in 1Q22, reflecting increasing demand for regular outpatient services. The diagnostics business, which, apart from regular diagnostics services, is also engaged in COVID-19 testing, also increased its revenue by 41.1% y-o-y in 1Q22 to GEL 7.8 million. The combined EBITDA (excl. IFRS 16) of the clinics and diagnostics business increased by 12.0% y-o-y to GEL 4.7 million. However, similar to the hospitals business, our clinics and diagnostics business was also impacted by the suspension of COVID contracts by the Government, which together with the expiration of a 6-months state income tax subsidy, led to a 3.2 ppts y-o-y decrease in the combined EBITDA margin (excl. IFRS 16). See page 17 for details. LTM EBITDA (incl. IFRS 16) increased by 2.5% to GEL 22.8 million in 1Q22. As a result, the equity value of the business was assessed at GEL 148.0 million, down 6.3% q-o-q in 1Q22, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 9.0x at 31-Mar-22, down from 9.5x at 31-Dec-21.

Renewable Energy (6.3% of total portfolio value) – The business was valued based on a sum of the parts (EV/EBITDA and replacement cost). Enterprise value was slightly down 0.2% to GEL 427.3 million in 1Q22, reflecting movement in the valuation inputs due to the war. In US$ terms, revenue and EBITDA were up 6.3% and 9.4% y-o-y in 1Q22 on the back of a 7.3% y-o-y increase in the electricity generation levels at the power assets (revenue and EBITDA in GEL terms, which reflect the impact of GEL's appreciation against US$, were largely flat, down by 1.9% and up by 0.6% y-o-y, respectively, in 1Q22). See page 19 for details. The pipeline renewable energy projects continued to be measured at an equity investment cost of GEL 44.2 million in aggregate. Net debt increased by GEL 8.5 million to GEL 263.5 million in 1Q22 which reflects GEL 2.2 million dividends paid to GCAP in 1Q22 and GEL 3.0 million one-off costs associated with the termination of the certain employee contracts in connection with the separation of the business from Water Utility. As a result, the equity value of Renewable Energy was assessed at GEL 163.9 million in 1Q22 (down by 5.4% q-o-q).

Education (5.2% of total portfolio value) – The business was valued based on LTM EV/EBITDA. Education EV increased by 4.0% to GEL 145.6[13] million in 1Q22, reflecting the strong operating performance of the business, which was partially offset by developments in the valuation inputs as a result of market movements. Revenue and EBITDA were up by 45.3% and 57.1% y-o-y in 1Q22, respectively, reflecting both the organic growth and expansion of the business in the affordable segment. In 1Q22, GCAP invested GEL 1.2 million in Education, predominantly for capacity expansion of the existing campus of Buckswood (mid-scale segment) and the development of land and building of the new campus of Green School (affordable segment). See page 20 for details. LTM EBITDA was up by 8.4% to GEL 12.1 million and net debt was down by 5.5% to GEL 7.9 million in 1Q22. As a result, the education business was valued at GEL 135.4 million in 1Q22 (up 4.3% q-o-q). The valuation multiple was down to 12.0x in 1Q22, from 12.5x in 4Q21.

Other businesses (5.3% of total portfolio value) - The "other" private portfolio (Auto Service, Beverages, IT Outsourcing, Housing Development and Hospitality businesses) is valued based on LTM EV/EBITDA except the housing development (DCF), wine business (DCF) and hospitality businesses (NAV). See performance highlights of other businesses on page 22. The portfolio had a combined value of GEL 138.0 million at 31-Mar-22, down by 38.6% q-o-q in 1Q22. The negative value creation amounted to GEL 87.1 million and mainly reflects a) an operating-performance related decrease in the value of the housing business, reflecting the higher inflation impact on construction materials, and b) a reduced valuation of the wine business, which was directly exposed to the Russian and Ukrainian markets, as 61% of revenues were generated from sales in these markets in FY21.

Listed and observable portfolio companies (23.5% of total portfolio value)

BOG (18.2% 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 global equity market movements stemming from the geopolitical tensions, BoG's share price decreased by 28.8% q-o-q to GBP 11.88 at 31-Mar-22 and, as a result, the market value of our equity stake in BoG decreased by GEL 207.7 million to GEL 473.5 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

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

Meeting. This will make a total dividend paid to GCAP of GEL 22.8 million. BoG's public announcement of their 4Q21 results is available at: https://www.bankofgeorgiagroup.com/results/earnings.

Water Utility (5.3% of total portfolio value) – In 1Q22, the remaining 20% equity stake in the water utility business was valued at the recent transaction price and amounted to GEL 139.4 million. 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 in 1Q22 with the receipt of full sale proceeds and transfer of the respective shares of GGU to Aqualia. The second stage of the transaction will follow the planned redemption of an existing bond issued by GGU in July/August 2022. GCAP and Aqualia have put and call options, respectively, over GCAP's remaining 20% equity interest in the water utility business, which become exercisable in 2025-2026. 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 of the business. More details on the transaction are available on our website: https://georgiacapital.ge/ir/water-utility-disposal.

2) Investments[14]

In 1Q22, GCAP's investments amounted to GEL 1.6 million, of which GEL 1.2 million was allocated to our education business, predominantly for the capacity expansion of the existing campus of Buckswood (mid-scale segment) and the development of land and building of the new campus of Green School (affordable segment).

3) Share buybacks

During 1Q22, 992,255 shares were bought back for a total consideration of GEL 26.1 million.

- 873,426 shares were repurchased under the ongoing share buyback and cancellation programme. The total value of shares repurchased under the programme amounted to GEL 22.9 million (US$ 7.4 million) in 1Q22. As of 6-May-22, a total of 2,064,354 shares with the value of GEL 53.8 million (US$ 17.3 million) have been repurchased under the buyback programme, beginning 10 August 2021.
- 118,829 shares were repurchased for the management trust.

4) Dividends[14]

In 1Q22, Georgia Capital received GEL 2.2 million regular dividends from the renewable energy business.

Net debt overview

Below we describe the components of net debt as of 31 March 2022 and as of 31 December 2021:

GEL '000, unless otherwise noted	31-Mar-22	31-Dec-21	Change
Cash at banks	425,911	132,580	NMF
Internationally listed debt securities	289,551	137,215	NMF
Locally listed debt securities	3,063	2,522	21.5%
Loans issued	164,049	154,214	6.4%
Total cash and liquid funds (a)	**882,574**	**426,531**	**NMF**
Gross debt (b)	**(1,121,959)**	**(1,137,605)**	**-1.4%**
Net debt (a)+(b)	**(239,385)**	**(711,074)**	**-66.3%**

Cash and liquid funds. Total cash and liquid funds' balance more than doubled q-o-q to GEL 882.6 million (US$ 284.6 million) in 1Q22, reflecting a) the receipt of GEL 526.7 million (US$ 173 million) cash proceeds (net of transaction fees) from the disposal of an 80% equity interest in the water utility business, following the successful completion of the first stage of the transaction, b) dividend and interest receipts of GEL 2.2 and GEL 5.7 million, respectively. The increase was partially offset by a) GEL 38.0 million Eurobond coupon payment, and b) GEL 25.5 million cash outflow for buybacks. The internationally listed debt securities' balance also more than doubled q-o-q in 1Q22. The increase was attributable to the temporary investments in dollar-denominated Eurobonds issued by Georgian corporates to generate yield on GCAP's liquid funds. The issued loans' balance primarily refers to loans issued to our private portfolio companies, which are lent at market terms.

Gross debt. At 31-Mar-22, the outstanding balance of US$ 365 million six-year Eurobonds due in March 2024 was GEL 1,122.0 million (down 1.4% q-o-q). The decrease in gross debt reflects a GEL 38.0 million coupon payment, partially offset by a GEL 19.9[15] million coupon accrual and GEL 2.5 million foreign exchange loss, the latter led by GEL's depreciation against USD during 1Q22.

[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.

INCOME STATEMENT (ADJUSTED IFRS / APM)

Net loss under IFRS was GEL 489.5 million in 1Q22. 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 March 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 98 in Georgia Capital PLC 2021 Annual report.

INCOME STATEMENT (Adjusted IFRS/APM)

GEL '000, unless otherwise noted	1Q22	1Q21	Change
Dividend income	2,195	4,738	-53.7%
Interest income	8,785	4,497	95.4%
Realised / unrealised loss on liquid funds	(10,239)	(172)	NMF
Interest expense	(19,853)	(17,219)	15.3%
Gross operating loss	**(19,112)**	**(8,156)**	**NMF**
Operating expenses	(9,305)	(8,873)	4.9%
GCAP net operating loss	**(28,417)**	**(17,029)**	**66.9%**
Fair value changes of portfolio companies			
Listed and Observable Portfolio Companies	**(207,707)**	**(26,452)**	**NMF**
Of which, Bank of Georgia Group PLC	*(207,707)*	*(26,452)*	*NMF*
Of which, Water Utility	*-*	*-*	*NMF*
Private Portfolio companies	**(245,309)**	**30,250**	**NMF**
Large Portfolio Companies	**(142,532)**	**4,497**	**NMF**
Of which, Retail (pharmacy)	*(53,306)*	*(17,159)*	*NMF*
Of which, Hospitals	*(49,519)*	*26,613*	*NMF*
Of which, Water Utility	*-*	*(15,005)*	*NMF*
Of which, Insurance (P&C and Medical)	*(39,707)*	*10,048*	*NMF*
Investment Stage Portfolio Companies	**(15,683)**	**5,140**	**NMF**
Of which, Clinics and Diagnostics	*(9,987)*	*6,815*	*NMF*
Of which, Renewable energy	*(10,051)*	*(5,439)*	*84.8%*
Of which, Education	*4,355*	*3,764*	*15.7%*
Other businesses	***(87,094)***	***20,613***	***NMF***
Total investment return	**(453,016)**	**3,798**	**NMF**
Income before foreign exchange movements and non-recurring expenses	**(481,433)**	**(13,231)**	**NMF**
Net foreign currency loss	(3,724)	(31,442)	-88.2%
Non-recurring expenses	(92)	(177)	-48.0%
Net loss	**(485,249)**	**(44,850)**	**NMF**

A gross operating loss of GEL 19.1 million in 1Q22 reflects a 15.3% increase in interest expenses and GEL 10.2 million realized and unrealized loss on liquid funds held by GCAP – which is mostly unrealized due to the market volatility driven by the regional geopolitical instability. The significant interest income growth in 1Q22 was mainly due to the increased liquid funds balance and related investments in internationally listed debt securities. The GEL 2.5 million y-o-y decline in dividend income reflects the lower dividends from the renewable energy business.

GCAP earned an average yield of 5.0% on the average balance of liquid assets and issued loans of GEL 585.5 million in 1Q22 (5.1% on GEL 323.0 million in 1Q21).

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

GCAP Operating Expenses Components

GEL '000, unless otherwise noted	1Q22	1Q21	Change
Administrative expenses[16]	(2,764)	(2,811)	-1.7%
Management expenses – cash-based[17]	(2,453)	(2,595)	-5.5%
Management expenses – share-based[18]	(4,088)	(3,467)	17.9%
Total operating expenses	**(9,305)**	**(8,873)**	**4.9%**
Of which, fund type expense[19]	(2,993)	(3,075)	-2.7%
Of which, management fee[20]	(6,312)	(5,798)	8.9%

[16] Includes expenses such as external audit fees, legal counsel, corporate secretary and other similar administrative costs.
[17] Cash-based management expenses are cash salary and cash bonuses paid/accrued for staff and management compensation.
[18] Share-based management expenses are share salary and share bonus expenses of management and staff.
[19] Fund type expenses include expenses such as audit and valuation fees, fees for legal advisors, Board compensation and corporate secretary costs.
[20] Management fee is the sum of cash-based and share-based operating expenses (excluding fund-type costs).

GCAP management fee expenses have a self-targeted cap of 2% of Georgia Capital's market 10apitalization. The LTM management fee expense ratio was 2.1% at 31-Mar-22 (1.6%[21] as of 31-Mar-21). The total LTM operating expense ratio (which includes fund type expenses) was 3.1% at 31-Mar-22 (2.5%[21] at 31-Mar-21).

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total investment return was negative GEL 453.0 million in 1Q22, reflecting the decrease in the value of listed and observable and private businesses, as described earlier in this report. We discuss valuation drivers for our businesses on pages 5-8. The performance of each of our private large and investment stage portfolio companies is discussed on pages 11-20.

GCAP's net foreign currency liability balance amounted to c.US$ 106 million (GEL 329 million) at 31-Mar-22. Net foreign currency loss was GEL 3.7 million in 1Q22. As a result of the movements described above, GCAP's adjusted IFRS *net loss* was GEL 485.2 million in 1Q22.

[21] 1Q22 and FY21 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 1Q22 and 1Q21 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 23 for more background.

LARGE PORTFOLIO COMPANIES

Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns a 67% equity interest through GHG[22], 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 operates a total of 359 pharmacies, of which 353 are in Georgia, and 6 are in Armenia.

1Q22 performance (GEL '000), Retail (pharmacy)[23]

INCOME STATEMENT HIGHLIGHTS	1Q22	1Q21	Change
Revenue, net	**198,802**	**173,797**	**14.4%**
Of which, retail	*154,878*	*127,529*	*21.4%*
Of which, wholesale	*43,924*	*46,268*	*-5.1%*
Gross Profit	**59,097**	**40,245**	**46.8%**
Gross profit margin	*29.7%*	*23.2%*	*6.5ppts*
Operating expenses (ex. IFRS 16)	(38,480)	(27,155)	41.7%
EBITDA (ex. IFRS 16)	**20,617**	**13,090**	**57.5%**
EBITDA margin, (ex. IFRS 16)	*10.4%*	*7.5%*	*2.9ppts*
Net profit (ex. IFRS 16)	**17,045**	**8,308**	**105.2%**
CASH FLOW HIGHLIGHTS			
Cash flow from operating activities (*ex. IFRS 16*)	**16,806**	**(2,522)**	**NMF**
EBITDA to cash conversion	*81.5%*	*-19.3%*	*100.8ppts*
Cash flow used in investing activities[24]	**(20,394)**	**(1,821)**	**NMF**
Free cash flow, (ex. IFRS 16)[25]	**(1,964)**	**(5,137)**	**61.8%**
Cash flow used in financing activities (*ex. IFRS 16*)	**(9,697)**	**(3,682)**	**NMF**
BALANCE SHEET HIGHLIGHTS	31-Mar-22	31-Dec-21	Change
Total assets	**516,303**	**522,814**	**-1.2%**
Of which, cash and bank deposits	41,007	54,616	-24.9%
Of which, securities and loans issued	24,037	20,922	14.9%
Total liabilities	**475,523**	**497,954**	**-4.5%**
Of which, borrowings	85,769	89,844	-4.5%
Of which, lease liabilities	112,012	104,613	7.1%
Total equity	**40,780**	**24,860[26]**	**64.0%**

KEY POINTS / VALUATION DRIVERS

- Strong growth in 1Q22 revenues (up 14.4%) and EBITDA (excl. IFRS 16) (up 57.5%) y-o-y, reflecting overall improvement in economic activity and continued expansion of the pharmacy chain
- Robust gross profit margin of 29.7% in 1Q22 (up 6.5 ppts y-o-y), reflecting the growing profitability of the wholesale business line notwithstanding a 5.1% y-o-y revenue reduction in 1Q22 in that business, further supported by the increased sales of high margin para-pharmacy products in the retail business line
- EBITDA margin at 10.4% in 1Q22 (up 2.9 ppts y-o-y), exceeding the targeted 9%+

[22] In October 2021, GHG signed a share purchase agreement to acquire the remaining 33% minority interest in its retail (pharmacy) business by 2027. The buyout will be executed in six annual tranches at a 5.25x EV/EBITDA multiple. For details, please see page 12 of our Annual Report 2021.
[23] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[24] Of which - capex of GEL 8.8 million in 1Q22 (GEL 2.6 million in 1Q21); acquisition of minority share of GEL 10.0 million in 1Q22.
[25] Calculated by deducting capex and acquisition of subsidiaries / payment of holdback from operating cash flows.
[26] Adjusted for the impact of the minority buyout, previously reflected in the equity of the healthcare services business.

- Strong cash flow from operating activities, in line with the enhanced revenue streams - with an 81.5% EBITDA to cash conversion ratio
- Net debt[27] amounted to GEL 20.7 million as of 31-Mar-22, up 44.9% q-o-q, mainly reflecting a decrease in cash balance due to the payment of GEL 10.0 million under the first tranche of the minority interest buyout (10% valued at GEL 41.2 million) in the business
- Added 37 pharmacies over the last 12 months, expanding from 322 to 359 stores
- 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 with SAP, which enables the company to implement a more efficient operating system for the warehouse, decrease 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.

INCOME STATEMENT HIGHLIGHTS

The retail (pharmacy) business delivered 14.4% y-o-y revenue growth in 1Q22, reflecting expansion (adding 37 pharmacies over 12 months) as well as organic sales growth (same-store revenue up 12.5% in 1Q22). The retail revenue share in total revenue was 77.9% in 1Q22 (73.4% in 1Q21). The revenue from para-pharmacy, as a percentage of retail revenue from the pharmacy, was 34.6% in 1Q22 (34.8% in 1Q21).

Retail (Pharmacy)'s key operating performance highlights for 1Q22 are noted below:

	1Q22	**1Q21**	**Change**
Same store revenue growth	*12.5%*	*-5.0%*	*17.5ppts*
Number of bills issued (mln)	*7.6*	*6.5*	*16.6%*
Average bill size (GEL)	*19.3*	*18.4*	*4.8%*

Benefitting from the strong economic recovery, compared to 1Q21 when due to the increased competition and general macro backdrop business margins were significantly subdued, as well as increased marketing activities and sale of higher-margin para-pharmacy products, the business posted 29.7% (up 6.5 ppts y-o-y) gross profit margin in 1Q22.

Due to the continuous expansion of the pharmacy chains and subsequent increase in salary, marketing and utility expenditures associated with the openings of the new pharmacies, the operating expenses increased by 41.7% y-o-y. Notwithstanding the increased costs, the strong business performance led to a 57.5% increase in EBITDA (excl. IFRS 16), while the 1Q22 EBITDA margin reached 10.4% (up 2.9 ppts y-o-y). Excluding the impact from state tax subsidy for low salary range employees, effective during May 2020 - June 2021, EBITDA margin (excl. IFRS 16) was up 3.6 ppts y-o-y, in 1Q22.

Interest expense, excluding IFRS 16, was down 37.6% y-o-y in 1Q22, due to the lower level of net debt position during the quarter (also down 12.4 ppts q-o-q). GEL 0.6 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 1Q22 compared to the same period last year.

As a result, the business posted a GEL 17.0 million profit in 1Q22 (up 105.2% y-o-y).

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

On the back of increased revenue, the business posted GEL 16.8 million cash flow from operating activities, translating into an 81.5% EBITDA to cash conversion ratio for the same period. Increased cash outflows from investing activities reflect increased capex for implementation of SAP (GEL 4.8 million in 1Q22), investments attributable to new projects such as opticians and opening body shops in Armenia, new format pharmacies and regular expansion of the chain. In 1Q22 the business paid the first tranche payment of GEL 10.0 million, out of the total GEL 41.2 million first tranche price, for a 10% minority interest buyout in the retail (pharmacy) business.

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

Discussion of Hospitals Business Results

The hospitals business, where GCAP owns a 100% equity interest through GHG, is the largest healthcare market participant in Georgia, comprised of 16 referral hospitals with a total of 2,524 beds, providing secondary and tertiary level healthcare services across Georgia.

1Q22 performance (GEL '000), Hospitals[28]

INCOME STATEMENT HIGHLIGHTS	1Q22	1Q21	Change
Revenue, net[29]	**77,074**	**70,696**	**9.0%**
Gross Profit	**27,777**	**29,652**	**-6.3%**
Gross profit margin	*35.4%*	*41.7%*	*-6.3ppts*
Operating expenses (ex. IFRS 16)	(12,687)	(10,805)	17.4%
EBITDA (ex. IFRS 16)	**15,090**	**18,847**	**-19.9%**
EBITDA margin (ex. IFRS 16)	*19.2%*	*26.5%*	*-7.3ppts*
Net profit (ex. IFRS 16)	**3,017**	**6,643**	**-54.6%**
CASH FLOW HIGHLIGHTS			
Cash flow from operating activities (ex. IFRS 16)	**10,591**	**3,943**	**168.6%**
EBITDA to cash conversion (ex. IFRS 16)	*70.2%*	*20.9%*	*49.3ppts*
Cash flow used in investing activities[30]	**(1,063)**	**(10,190)**	**-89.6%**
Dividends and intersegment loans issued/received	**(1,817)**	**6,304**	**NMF**
Free cash flow (ex. IFRS 16)[31]	**8,612**	**(6,552)**	**NMF**
Cash flow used in financing activities (ex. IFRS 16)	**(20,329)**	**(16,383)**	**24.1%**

BALANCE SHEET HIGHLIGHTS	31-Mar-22	31-Dec-21	Change
Total assets	**642,241**	**658,071**	**-2.4%**
Of which, cash balance and bank deposits	33,625	46,131	-27.1%
Of which, securities and loans issued	12,763	11,678	9.3%
Total liabilities	**275,377**	**293,428**	**-6.2%**
Of which, borrowings	210,521	223,433	-5.8%
Total equity	**366,864**	**364,643**	**0.6%**

KEY POINTS / VALUATION DRIVERS

- Revenues up 9.0% y-o-y in 1Q22, reflecting a 33.9% y-o-y increase in the number of admissions during the quarter
- In March due to the reduced COVID cases in the country, the Government of Georgia ceased contracting the healthcare facilities for COVID treatments. Restructuring COVID hospitals to normal operating levels and phasing out from the COVID cost structure temporarily suppressed the business' margins in 1Q22
- Gross profit down 6.3% y-o-y with 35.4% gross profit margin in 1Q22 (down 6.3 ppts y-o-y)
- EBITDA margin (excl. IFRS 16) was down 7.3 ppts y-o-y in 1Q22, also reflecting a base effect of a state income tax subsidy for low salary range employees in 1Q21 (GEL c.1.7 million impact); Excluding the impact of state income tax subsidy, EBITDA margin (excl. IFRS 16) was down by 4.8 ppts y-o-y
- Operating cash (excl. IFRS 16) at GEL 10.6 million, with 70.2% EBITDA to cash conversion rate (excl. IFRS 16)
- Net debt at GEL 164.1 million (down nearly 1% q-o-q), reflecting solid cash flow generation during the quarter
- In April 2022, the hospitals business sold 100% equity interest in one of the low ROIC generating hospitals – Traumatology Hospital, for US$ 2.9 million. The transaction is in line with the business strategy to divest from low ROIC generating assets. The divestment improves the hospitals business ROIC (by 20bps)

INCOME STATEMENT HIGHLIGHTS

Over the course of the last two years, the hospitals business was actively engaged in supporting the COVID-19 pandemic response in Georgia and had mobilised 7 hospitals to receive COVID patients, with a total aggregate number of c.800 beds across the country during 1Q22. The Government of Georgia fully reimbursed costs associated with COVID-19 treatments and paid a fixed fee amount per bed designated for COVID patients. As the COVID cases declined substantially in Georgia starting from 2022, in mid-March, the Government suspended the COVID contracts with hospitals. Restructuring the cost base of COVID hospitals, and phasing out from Government contracts, temporarily suppressed the business margins in1Q22.

Overall, the occupancy rate, as well as the number of admissions, were up y-o-y by 4.2 ppts and by 33.9% respectively in 1Q22. These trends translated into hospitals' y-o-y net revenue growth of 9.0% for the quarter.

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[32]. The materials rate remained well-controlled throughout the quarter (19.7% in 1Q22, 19.6% in 1Q21). However, due to the expiration of a 6-months state income tax subsidy, effective from May 2020 till June 2021, as well as COVID hospitals' contracts suspension since March (COVID hospitals had mainly a fixed direct salary

[28] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[29] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.
[30] Of which – capex of GEL 3.8 million in 1Q22, GEL 4.3 million in 1Q21; acquisition of subsidiaries / payment of holdback of GEL 6.2 million in 1Q21; first tranche proceeds from sale of Traumatology hospital of GEL 1.8 million in 1Q22.
[31] Operating cash flows less capex, less acquisition of subsidiaries / payment of holdback, plus net proceeds on sale of subsidiaries/associates.
[32] The respective costs divided by gross revenues.

structure), the direct salary rate was up 4.2 ppts to 34.4%. After restructuring the COVID hospitals to a normal operating level, the salary rate is expected to stabilise in the coming quarters. Utilities and other costs were up in 1Q22, mainly resulting from increased tariffs on water, gas and electricity, effective since February 2021 as well as globally increased fuel costs. As a result, the hospitals business posted a 35.4% gross margin in 1Q22, down 6.3 ppts y-o-y. Adjusted for the impact of state income tax subsidy, the gross profit margin was down 3.8 ppts y-o-y.

The administrative salary expense during the quarter was up by 11.5% y-o-y, in line with the organic growth of the hospitals business. Furthermore, increased marketing expenses in 1Q22 contributed to the higher general and administrative expenses (excl. IFRS 16) by 28.3% y-o-y. The increased cost base in 1Q22 resulted in the reduced EBITDA (excl. IFRS 16) by 19.9% with an EBITDA margin of 19.2%, down 7.3 ppts y-o-y. Adjusted for the state income tax subsidy impact, the EBITDA margin (excl. IFRS 16) was down by 4.8 ppts y-o-y.

Increased interest rates (NBG refinancing rate up 2.5 ppts in the last twelve months) led to an increase in net interest expense (excl. IFRS 16) in 1Q22, up by 16.4% y-o-y (down 6.5% q-o-q).

Overall, the business posted GEL 3.0 million net profit excluding IFRS 16 in 1Q22, down by 54.6% y-o-y.

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (excl. IFRS 16) was up 168.6% y-o-y, mainly due to the weak 1Q21 cash collection when the business had considerably increased working capital needs. 1Q22 operating cash translated into a 70.2% EBITDA to cash conversion rate. Capex investment was GEL 3.8 million in 1Q22, mainly reflecting maintenance capex.

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 (down by 0.3ppts y-o-y) in property and casualty insurance based on gross premiums as of 31-Dec-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 22.5% market share based on FY21 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.

1Q22 performance (GEL '000), Insurance (P&C and Medical)[33]

INCOME STATEMENT HIGHLIGHTS	1Q22	1Q21	Change
Earned premiums, net	39,162	35,978	8.8%
Net underwriting profit	10,799	10,309	4.8%
Net investment profit	1,708	2,323	-26.5%
Net profit	4,369	5,404	-19.2%
CASH FLOW HIGHLIGHTS			
Net cash flows from operating activities	2,051	8,441	-75.7%
Free cash flow	**1,470**	**7,998**	**-81.6%**
BALANCE SHEET HIGHLIGHTS	**31-Mar-22**	**31-Dec-21**	**Change**
Total assets	278,392	267,627	4.0%
Total equity	119,836	116,464	2.9%

TOTAL INSURANCE BUSINESS HIGHLIGHTS

P&C and medical insurance have a broadly equal share in total revenues, while P&C had a 91% share in total net profit in 1Q22. The slight y-o-y increase in loss and expense ratios by 0.4 ppts and 0.5 ppts, respectively, translated into the combined ratio of 90.6%, up by 0.9 ppts y-o-y in 1Q22. Net profit was down y-o-y by 19.2% to GEL 4.4 million in 1Q22. As a result, ROAE was 17.7% in 1Q22 (21.1% in 1Q21).

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

Discussion of results, P&C Insurance

KEY POINTS / VALUATION DRIVERS

- 16.0% y-o-y increase in earned premiums net in 1Q22, mainly resulted from growth in the credit life and credit unemployment insurance lines
- Combined ratio down 1.5ppts y-o-y in 1Q22, reflecting a decrease in the expense ratio by 0.7 ppts y-o-y and a decrease in the loss ratio by 0.8 ppts y-o-y in 1Q22
- Due to the limited reliance on Russian reinsurance, the current regional geopolitical situation has not caused any notable impact on the P&C insurance portfolio.

INCOME STATEMENT HIGHLIGHTS (GEL '000)	1Q22	1Q21	Change
Earned premiums, net	21,705	18,707	16.0%
Net underwriting profit	8,456	7,199	17.5%
Net investment profit	941	1,614	-41.7%
Net profit	3,965	4,174	-5.0%
CASH FLOW HIGHLIGHTS			
Net cash flows from operating activities	3,419	7,290	-53.1%
Free cash flow	**2,937**	**6,878**	**-57.3%**
BALANCE SHEET HIGHLIGHTS	**31-Mar-22**	**31-Dec-21**	**Change**
Total assets	177,917	188,805	-5.8%
Total equity	86,411	84,234	2.6%

INCOME STATEMENT HIGHLIGHTS

1Q22 revenues increased by 16.0% y-o-y, mainly driven by the increase in credit life insurance revenue by GEL 1.3 million y-o-y. An increase in liability insurance business line by GEL 0.8 million y-o-y was the second-best contributor to the overall increase in 1Q22 revenues, predominantly reflecting the increase in credit unemployment portfolio by GEL 0.6 million y-o-y. Similarly, the motor insurance line (excluding compulsory border third-party liability (MTPL) insurance) delivered GEL 0.4 million revenue growth, mainly associated with the boost in the retail client portfolio in FY21. The strong economic recovery since 2Q21 is also reflected in other insurance lines, namely cargo and compulsory MTPL insurance, where revenues have increased by 46.9% y-o-y and 26.1% y-o-y, respectively. Worldwide vaccination and reopening of land borders are expected to support a gradual recovery in tourism. However, recovery of visitor trips and compulsory MTPL premiums to pre-pandemic levels are likely to be affected by the Russian-Ukrainian war and its timely resolution.

The existing regional geopolitical situation does not pose a significant threat to the risk profile of the insurance portfolio due to very low dependency on Russian reinsurance, most of which have already been substituted to date.

At 31-Mar-22, the distribution mix in 1Q22 gross premiums written is as follows: various direct sales channels and brokers have a majority share of 58% (67% in 1Q21), followed by partnership agreements with financial institutions of 39% (30% in 1Q21) and MTPL channels of 3% (2% in 1Q21).

P&C Insurance's key performance ratios for 1Q22 are noted below:

Key Ratios	1Q22	1Q21	*Change*
Combined ratio	82.4%	83.9%	*-1.5ppts*
Expense ratio	33.6%	34.3%	*-0.7ppts*
Loss ratio	48.8%	49.6%	*-0.8ppts*
ROAE[34]	23.4%	23.8%	*-0.4ppts*

The 1Q22 y-o-y decrease in expense ratio mainly reflects robust revenue growth while operating expenses are gradually returning to the pre-pandemic level. The volume of COVID-19-related credit life insurance claims incurred in 1Q22 amounts to GEL 1.0 million (GEL 1.6 million in 1Q21) and represents 27% of total life insurance claims (50% in 1Q21). There was also an improvement in the loss ratio of the motor insurance line. This explains the decrease in the 1Q22 loss ratio, which together with an improved expense ratio, translated into a 1.5 ppts decrease in the combined ratio. P&C Insurance's net profit was down 5.0% y-o-y in 1Q22, mainly due to a GEL 0.6 million loss incurred on investments placed in publicly traded securities in Eastern Europe, Russia and Ukraine. Adjusted for this and the FX translation impact on the natural long dollar position, net profit was up by 17.2% y-o-y in 1Q22.

[34] Calculated based on net income and average equity, adjusted for preferred shares.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

P&C Insurance's solvency ratio was 174% as of 31 March 2022, significantly above the required minimum of 100%. The operating cash flow of the business was down by 53.1% y-o-y in 1Q22, affected by the payment of some payable balances to agents and brokers as well as the timing of annual discretionary bonus distribution to the employees.

Discussion of results, Medical Insurance

KEY POINTS / VALUATION DRIVERS

- Earned premiums net up 1.1% y-o-y in 1Q22, mainly reflecting c.5% increase in the price of the insurance policies
- Insurance renewal rate down 3.8 ppts to 67.7% in 1Q22, while the number of insured clients was down 4.0% over the quarter to c.159,000 as of 31-Mar-22, reflecting the increased price of insurance policies
- On the back of increased demand for healthcare services, the loss ratio was up 4.1 ppts in 1Q22 to 82.0%

INCOME STATEMENT HIGHLIGHTS (GEL '000)	1Q22	1Q21	Change
Earned premiums, net	17,457	17,271	1.1%
Net underwriting profit	2,343	3,110	-24.7%
Net investment profit	767	709	8.2%
Net profit	404	1,230	-67.2%
CASH FLOW HIGHLIGHTS			
Net cash flows from operating activities	(1,368)	1,151	NMF
Free cash flow	**(1,467)**	**1,120**	**NMF**
BALANCE SHEET HIGHLIGHTS	**31-Mar-22**	**31-Dec-21**	**Change**
Total assets	100,475	78,822	27.5%
Total equity	33,425	32,230	3.7%

INCOME STATEMENT HIGHLIGHTS

The modest 1.1% y-o-y increase in 1Q22 earned premiums net, reflects the combined effect of an increase in the price of insurance policies and a 7.6% decrease in the number of insured clients for the same period (from c.172,000 in 1Q21 to 159,000 in 1Q22). 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	1Q22	1Q21	*Change*
Total claims retained within the GHG	36.5%	35.9%	*0.6ppts*
Total claims retained in outpatient	37.7%	39.0%	*-1.3ppts*

In 1Q22, the net claims expenses were GEL 14.3 million (up 6.4% y-o-y), of which GEL 6.3 million (44.2% of total) was inpatient, GEL 5.1 million (35.5 % of total) was outpatient and GEL 2.9 million (20.3 % of total) was related to pharmaceuticals. Reflecting a rebounding trend in the number of admissions at hospitals and clinics, compared to patient footprint slowdown at healthcare facilities last year due to the pandemic, the loss ratio was up 4.1 ppts to 82.0% in 1Q22. As a result, the combined ratio increased by 4.9 ppts y-o-y to 100.8% for the quarter. The business posted a net profit of GEL 0.4 million in 1Q22 (down 67.2% y-o-y).

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

The operating cash flow decline is associated with the state prepaying insurance policy fees on some of its largest contracts in 4Q21 in the preceding quarter and a corresponding decrease in 1Q22.

INVESTMENT STAGE PORTFOLIO COMPANIES

Discussion of Clinics and Diagnostics Business Results

The clinics and diagnostics business, where GCAP owns a 100% equity interest through GHG, is the largest healthcare market participant in Georgia. The business comprises two segments: 1) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient services); 15 polyclinics (providing outpatient diagnostic and treatment services) and 16 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – "Mega Lab".

1Q22 performance (GEL '000), Clinics and Diagnostics[35]

INCOME STATEMENT HIGHLIGHTS	1Q22	1Q21	Change
Revenue, net[36]	**25,928**	**19,616**	**32.2%**
Of which, clinics	*19,607*	*15,306*	*28.1%*
Of which, diagnostics	*7,828*	*5,547*	*41.1%*
Of which, inter-business eliminations	*(1,507)*	*(1,237)*	*21.8%*
Gross Profit	**10,453**	**8,654**	**20.8%**
Gross profit margin	*40.2%*	*43.9%*	*-3.7ppts*
Operating expenses (ex. IFRS 16)	(5,733)	(4,438)	29.2%
EBITDA (ex. IFRS 16)	**4,720**	**4,216**	**12.0%**
EBITDA margin (ex. IFRS 16)	*18.2%*	*21.4%*	*-3.2ppts*
Net profit (ex. IFRS 16)	**1,582**	**1,077**	**46.9%**
CASH FLOW HIGHLIGHTS			
Cash flow from operating activities (ex. IFRS 16)	**1,076**	**352**	**205.7%**
EBITDA to cash conversion (ex. IFRS 16)	*22.8%*	*8.3%*	*14.5ppts*
Cash flow from/used in investing activities	**(2,442)**	**(1,493)**	**63.6%**
Free cash flow (ex. IFRS 16)[37]	**(1,313)**	**(1,174)**	**11.8%**
Cash flow from financing activities (ex. IFRS 16)	**(1,344)**	**8,225**	**NMF**
BALANCE SHEET HIGHLIGHTS	31-Mar-22	31-Dec-21	Change
Total assets	**184,281**	**178,592**	**3.2%**
Of which, cash balance and bank deposits	3,595	6,292	-42.9%
Of which, securities and loans issued	3,643	3,699	-1.5%
Total liabilities	**84,278**	**80,613**	**4.5%**
Of which, borrowings	51,062	50,854	0.4%
Total equity	**100,003**	**97,979**	**2.1%**

Discussion of results, Clinics

KEY POINTS / VALUATION DRIVERS

- As explained on page 13 above, at the hospitals business discussion, suspension of COVID contracts from the Government also affected the clinics business, as 12 of our community clinics, with c.300 beds, were engaged in the programme. Apart from community clinics, our polyclinics were also affected due to the reduced traffic for COVID services, such as COVID tests and vaccinations. Phasing out from the COVID cost structure temporarily suppressed the clinic's business margins in 1Q22
- Revenues up 28.1% y-o-y in 1Q22, reflecting increasing demand for regular outpatient services
- Revenue growth was further reflected in increased gross profit up by 16.5% in 1Q22 y-o-y, with a 41.6% margin (down 4.0 ppts y-o-y)
- EBITDA (excl. IFRS 16) was up 13.2% 1Q22, with an 18.5% EBITDA margin (down 2.4 ppts y-o-y), also reflecting an absence of a state income tax subsidy for low salary range employees in 1Q22; excluding the GEL 0.6 million impact of state income tax subsidy, EBITDA margin (excl. IFRS 16) was up by 1.2 ppts y-o-y in 1Q22
- The business spent GEL 2.0 million on capex, of which GEL 0.7 million was maintenance capex and GEL 1.3 million was growth capex, primarily related to the opening of two new polyclinics in Tbilisi

INCOME STATEMENT HIGHLIGHTS (GEL '000)	1Q22	1Q21	Change
Revenue, net[38]	**19,607**	**15,306**	**28.1%**
Gross Profit	**8,177**	**7,021**	**16.5%**
Gross profit margin	*41.6%*	*45.6%*	*-4.0ppts*
Operating expenses (ex. IFRS 16)	(4,532)	(3,802)	19.2%
EBITDA (ex. IFRS 16)	**3,645**	**3,219**	**13.2%**
EBITDA margin (ex. IFRS 16)	*18.5%*	*20.9%*	*-2.4ppts*
Net profit (ex. IFRS 16)	**832**	**406**	**104.9%**

[35] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[36] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.
[37] Operating cash flows less capex.
[38] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

CASH FLOW HIGHLIGHTS			
Cash flow from operating activities (ex. IFRS 16)	**1,423**	**2,107**	**-32.5%**
EBITDA to cash conversion (ex. IFRS 16)	*39.0%*	*65.5%*	*-26.5ppts*
Cash flow used in investing activities[39]	**(2,103)**	**(1,111)**	**89.3%**
Free cash flow (ex. IFRS 16)[40]	**(607)**	**900**	**NMF**
Cash flow from financing activities (ex. IFRS 16)	**(1,036)**	**8,385**	**NMF**

BALANCE SHEET HIGHLIGHTS	31-Mar-22	31-Dec-21	Change
Total assets	**152,842**	**147,368**	**3.7%**
Of which, cash balance and bank deposits	1,447	3,149	-54.0%
Of which, securities and loans issued	3,897	3,947	-1.3%
Total liabilities	**73,587**	**69,387**	**6.1%**
Of which, borrowings	46,766	46,417	0.8%
Total equity	**79,255**	**77,981**	**1.6%**

INCOME STATEMENT HIGHLIGHTS

The clinics business was also actively engaged in supporting the COVID-19 pandemic response in Georgia, allocating 12 community clinics, with a total c.300 beds across the country. The Government of Georgia fully reimbursed costs associated with COVID-19 treatments and paid a fixed fee amount per bed designated for COVID patients. In March 2022, similarly to the hospitals business, the Government suspended the COVID contracts with clinics which temporarily suppressed the business' margins. At our clinics, the number of admissions was up by 39.7% in 1Q22 y-o-y. The number of registered patients in Tbilisi also increased by c.27,000 y-o-y to c.262,000 and by c.57,000 y-o-y to c.595,000 across the country in 1Q22. This translated into clinics' y-o-y net revenue growth of 28.1% in 1Q22.

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[41]. The materials rate remained well-controlled at 12.2% in 1Q22. However, due to the expiration of a 6-months state income tax subsidy, effective from May 2020 till June 2021 as well COVID clinics' contracts suspension in March (COVID clinics had mainly fixed direct salary structure), the direct salary rate was up 3.7 ppts to 31.4%. After restructuring the COVID clinics to a normal operating level, the salary rate is expected to stabilise in the coming quarters. As a result, the clinics business posted a 41.6% gross profit margin in 1Q22, down 4.0 ppts y-o-y. Adjusted for the impact of state income tax subsidy, the gross profit margin was down 0.4 ppts y-o-y in 1Q22.

Salaries and other employee benefits, as well as general and administrative expenses (excl. IFRS 16), were up y-o-y, by 21.2% and 23.5% respectively, in 1Q22, mainly due to the increased cost structure for COVID clinics and the expansion of the business. This translated into the business' EBITDA margin (excl. IFRS 16) being down by 2.4 ppts, at 18.5%. When adjusted for the state subsidy impact, the EBITDA margin (excl. IFRS 16) was up 1.2 ppts y-o-y. Since April 2022, the COVID clinics also started to restructure to a normal opening level, which is expected to stabilise the operating cost base going forward. Increased interest rates on the market led to an increase in net interest expense (excl. IFRS 16) in 1Q22 up 28.3% y-o-y (up 3.1% q-o-q). Overall, the business posted GEL 0.8 million net profit excluding IFRS 16 in 1Q22, up 104.9% y-o-y.

CASH FLOW HIGHLIGHTS

In 4Q21 the business had a strong performance in terms of operating cash when the Government reimbursed most of the payables by the end of the year. This translated into reduced operating cash inflows in 1Q22, with a 39.0% EBITDA to cash conversion rate. The rate is expected to rebound in the coming quarters.

Discussion of results, Diagnostics

KEY POINTS / VALUATION DRIVERS

- The number of tests performed amounted to c.759,000 in 1Q22, up 42.2% y-o-y, of which, c.80% were related to the regular lab tests (up by 24.8% y-o-y), and c.20% to COVID tests (up 3.0x y-o-y)
- Average Revenue per test of GEL 10.3 in 1Q22, down 0.7% y-o-y

INCOME STATEMENT HIGHLIGHTS (GEL '000)	1Q22	1Q21	Change
Revenue, net[42]	**7,828**	**5,547**	**41.1%**
Of which, from COVID-19 tests	*4,156*	*2,710*	*53.4%*
Of which, from regular lab tests	*3,672*	*2,837*	*29.4%*
Gross Profit	**2,270**	**1,633**	**39.0%**
Gross profit margin	*29.0%*	*29.4%*	*-0.4ppts*
Operating expenses (ex. IFRS 16)	(1,195)	(636)	87.9%
EBITDA (ex. IFRS 16)	**1,075**	**997**	**7.8%**
EBITDA margin (ex. IFRS 16)	*13.7%*	*18.0%*	*-4.3ppts*
Net profit (ex. IFRS 16)	**750**	**671**	**11.8%**

[39] Of which – capex of GEL 2.0 million in 1Q22 (GEL 1.2 million in 1Q21).
[40] Operating cash flows less capex.
[41] The respective costs divided by gross revenues.
[42] Net revenue – Gross revenue less corrections and rebates.

INCOME STATEMENT HIGHLIGHTS

The diagnostics segment, which, apart from regular diagnostics services, is also engaged in COVID-19 testing, increased its revenue by 41.1% y-o-y in 1Q22 to GEL 7.8 million. Approximately half of diagnostics revenue relates to COVID-19 testing and another half to regular lab tests. From March the Government has also suspended the contracts with laboratories for COVID tests which is expected to reduce the revenues from COVID in the coming months. The business posted a 29.0% gross profit margin and 13.7% EBITDA margin, the latter being down 4.3 ppts y-o-y due to the increased operating costs, mainly related to marketing. The net profit (excl. IFRS 16) amounted to GEL 0.8 million in 1Q22, up 11.8% y-o-y.

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.

1Q22 performance (GEL '000), Renewable Energy[43]

INCOME STATEMENT HIGHLIGHTS	1Q22	1Q21	Change
Revenue	**6,410**	**6,534**	**-1.9%**
of which, PPA	*5,955*	*6,534*	*-8.8%*
of which, Non-PPA	*455*	*-*	*NMF*
Operating expenses	(2,707)	(2,852)	-5.1%
EBITDA	**3,703**	**3,682**	**0.6%**
EBITDA margin	*57.8%*	*56.4%*	*1.4ppts*
Non-recurring expenses[44]	(4,998)	(44)	NMF
Net loss	**(9,854)**	**(6,122)**	**61.0%**
CASH FLOW HIGHLIGHTS			
Cash flow from operating activities	**3,496**	**1,721**	**103.1%**
Cash flow used in investing activities	**(6,926)**	**(11,874)**	**-41.7%**
Cash flow used in financing activities	**(13,120)**	**(14,778)**	**-11.2%**
Dividends paid out	*(2,171)*	*(4,738)*	*-54.2%*
BALANCE SHEET HIGHLIGHTS	31-Mar-22	31-Mar-21	Change
Total assets	**392,589**	**405,932**	**-3.3%**
Of which, cash balance	23,671	40,499	-41.6%
Total liabilities	**312,191**	**314,469**	**-0.7%**
Of which, borrowings	300,041	305,536	-1.8%
Total equity	**80,398**	**91,463**	**-12.1%**

KEY POINTS / VALUATION DRIVERS

- In US$ terms, revenue and EBITDA were up 6.3% and 9.4% y-o-y in 1Q22 on the back of a 7.3% y-o-y increase in the electricity generation levels at the power assets
- Revenue and EBITDA in GEL terms, which reflect the impact of GEL's appreciation against US$, were largely flat, down by 1.9% and up by 0.6% y-o-y, respectively, in 1Q22
- In 1Q22, revenue from the PPA sales decreased by 8.8% due to the PPA expiration of Akhmeta HPP. Non-PPA revenue of Akhmeta HPP amounted to GEL 0.5 million in 1Q22 with an average electricity selling price of 56.3 US$/MWh compared to 55.4 US$/MWh based on expired PPA
- Electricity generation reached 33.9 GWh in 1Q22 compared to 31.6 GWh in 1Q21, reflecting the improved performance of the hydro power assets
- A slight decrease in the average electricity selling price, amounting to 61.0 US$/MWh for the business in 1Q22, (61.5 US$ / MWh in 1Q21) is due to the decreased share of Qartli Wind Farm in total generation, a high margin contributor to the renewable energy business
- GEL 2.2 million dividends paid to GCAP in 1Q22 (GEL 4.7 million in 1Q21)

INCOME STATEMENT HIGHLIGHTS

The renewable energy business remained fully resilient to the pandemic and the Russian-Ukrainian war, considering the increasing electricity deficit and the worsening supply-demand dynamics.

1Q22 revenue amounted to GEL 6.4 million, down by 1.9% y-o-y. A decrease in revenue in GEL terms reflects GEL appreciation against foreign currencies in 1Q22. However, in US$ terms, 1Q22 revenue increased by 6.3% y-o-y. The revenue increase in US$ terms was attributable to the increased electricity generation (33.9 GWh in 1Q22 compared to 31.6 GWh in 1Q21). Up to

[43] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[44] Consists of one-off costs associated with the termination of the certain employee contracts in connection with the separation of the business from Water Utility.

95% of electricity sales during 1Q22 were covered by long-term fixed-price power purchase agreements (PPAs) formed with a Government-backed entity.

	1Q22			
GEL '000, unless otherwise noted	**Revenue from electricity sales**	***Change y-o-y***	**Electricity generation (MWh)**	***Change y-o-y***
30MW Mestiachala HPP[45]	277	*20.4%*	1,626	*30.1%*
21MW Qartli wind farm	3,846	*-10.9%*	19,091	*-3.5%*
20MW Hydrolea HPPs	2,288	*15.2%*	13,227	*24.7%*
Total	**6,410**	***-1.9%***	**33,945**	***7.3%***

1Q22 operating expenses were down by 5.1%, amounting to GEL 2.7 million. As a result, 1Q22 EBITDA remained broadly stable, standing at GEL 3.7 million. In US$ terms, 1Q22 EBITDA increased by 9.4% y-o-y.

The business recorded GEL 5.3 million net interest expense in 1Q22, slightly down by 7.8% y-o-y, reflecting GEL appreciation against foreign currencies (GEL 5.8 million in 1Q21).

CASH FLOW HIGHLIGHTS

1Q22 operating cash flow amounted to GEL 3.5 million, up from GEL 1.7 million in 1Q21. The increase was mainly driven by higher generation levels in the Dec-21-Feb-22 period compared to the same period last year. 1Q22 cash outflow from investing activities was at GEL 6.9 million compared to GEL 11.9 million in 1Q21. 1Q22 cash outflow from investing activities reflects GEL 3.0 million one-off costs associated with the termination of the certain employee contracts in connection with the separation of the business from Water Utility. 1Q22 cash outflow from financing activities decreased by GEL 1.7 million to GEL 13.1 million mainly attributable to lower dividend payments in 1Q22. Renewable Energy made a dividend distribution of GEL 2.2 million in 1Q22. As a result, the cash balance of the renewable energy business was down substantially but remained at a comfortable GEL 23.7 million as of 31-Mar-22.

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 and international segments; Buckswood International School (80% stake), well-positioned in the midscale segment, Green School (80%-90% ownership[46]) and Georgian-Austrian School Pesvebi LLC (81%[47] ownership), both well-positioned in the affordable segment.

1Q22 performance (GEL '000), Education[48]

INCOME STATEMENT HIGHLIGHTS	1Q22	1Q21	Change
Revenue	**10,803**	**7,436**	**45.3%**
Operating expenses	(6,486)	(4,688)	38.4%
EBITDA	**4,317**	**2,748**	**57.1%**
EBITDA Margin	*40.0%*	*37.0%*	*3.0ppts*
Net income	**3,891**	**1,413**	**175.4%**
CASH FLOW HIGHLIGHTS			
Net cash flows from operating activities	1,684	1,576	6.9%
Net cash flows used in investing activities	(2,435)	(6,768)	-64.0%
Net cash flows from financing activities	906	5,716	-84.1%
BALANCE SHEET HIGHLIGHTS	**31-Mar-22**	**31-Dec-21**	**Change**
Total assets	**141,052**	**138,080**	**2.2%**
Of which, cash	9,156	9,096	0.7%
Total liabilities	**49,574**	**51,764**	**-4.2%**
Of which, borrowings	25,402	25,585	-0.7%
Total equity	**91,478**	**86,316**	**6.0%**

[45] The first quarter is generally characterised by the low level of generation (c.3% of annual generation), as the generation levels peak seasonally during the second and third quarters of the year.

[46] 80% equity stake in the existing campus and 90% in new campus launched under the existing affordable brand in 3Q21.

[47] Georgia Capital has a call option on the 9% equity stake during the 12 months starting from August 2022.

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

KEY POINTS / VALUATION DRIVERS

- Revenue up by 45.3% y-o-y in 1Q22, reflecting a 20.3% y-o-y growth in average tuition revenue per learner for the existing capacity[49] and a 25.9% y-o-y growth in the total number of learners (661 learners)
- Utilization rate for the existing capacity[49] was up by 5.1 ppts y-o-y to 95.9% as of 31-Mar-22
- Utilization rate of the newly added capacity of 2,250 learners was 23.1% as of 31-Mar-22, up by 0.4 ppts q-o-q
- Cash collection rates in 1Q22 remained largely at 1Q21 levels at 90.6%, while operating cash flow was up by 6.9% y-o-y to GEL 1.7 million in 1Q22
- GEL 2.4 million investment in the expansion of existing campuses in mid-scale and premium segments (construction is expected to be completed before the start of the next academic year (September 2022) and add c.600 learners' capacity)

INCOME STATEMENT HIGHLIGHTS

Given the improved epidemiological situation in Georgia, the schools provided on-campus learning during the full 1Q22 compared to only 1.5 months in 1Q21. During the distance learning period in 1Q21, schools offered 15-25% discounts for tuition fees and roll-over of fees for transportation/catering services. No discounts were offered during on-campus learning in 1Q22.

Revenue was up by 45.3% y-o-y in 1Q22. The expansion of the affordable segment through the acquisition and launch of a new campus contributes to 7.4% of the total revenue growth, while the organic growth of 37.9% was driven by the combination of growth in total enrolments, increase in average fee per learner and shift in academic days. Growth in average fee per learner was supported by tuition fee increases via contract renewals in line with grade-level progression for existing learners and enrolments of new learners.

The enrolment remained strong for all grades, especially for 1st grade with a 16.5% y-o-y increase in the number of 1st graders for the 2021-2022 academic year. Overall, the total number of learners was up by 25.9% y-o-y to 3,215 learners as of 31-Mar-22 (2,554 learners as of 31-Mar-21). The utilisation rate as of 31-Mar-22 for the existing capacity (i.e. excluding a new capacity addition of 2,250 learners in 3Q21) was 95.9%, up 5.1 ppts from 1Q21 (90.9%). Utilization of the newly added capacity of 2,250 learners in 3Q21, was 23.1% as of 31-Mar-22.

The business growth combined with the increased number of on-campus learning days in 1Q22 compared to 1Q21 was reflected in an increase in operating expenses by 38.4% in 1Q22 y-o-y, of which, 11.3% was attributable to the expansion of the affordable segment. Consequently, EBITDA was up by 57.1% y-o-y in 1Q22 with EBITDA margin improvement of 3.0 ppts from 37.0% in 1Q21 to 40.0% in 1Q22.

Overall, the business posted GEL 3.9 million net income in 1Q22 (GEL 1.4 million in 1Q21), reflecting foreign currency exchange gains of GEL 0.1 million in 1Q22, compared to foreign currency exchange losses of GEL 0.4 million in 1Q21.

CASH FLOW HIGHLIGHTS

Operating cash flow generation by the education business was up by 6.9% y-o-y to GEL 1.7 million in 1Q22. Overall, the combined cash collection rate for 2021-2022 tuition fees stood at 90.6% (91.0% at 31-Mar-21), which was in line with the schools' cash collection policies. Furthermore, the schools initiated cash collection for the 2022-23 academic year in 1Q22.

GEL 2.4 million cash outflow on investing activities in 1Q22 reflects investments in capacity expansion of the operational campuses of Buckswood by 240 learners (midscale segment) and British-Georgian Academy by 350 learners (premium segment).

[49] Excludes the addition of 2,250 learners' capacity in 3Q21, through the following investments: (1) the acquisition of an 81% equity interest in Georgian-Austrian School Pesvebi (1,200 learner capacity), (2) the launch of a new (second) campus under the existing affordable brand – Green School (600 learner capacity) and (3) the expansion of Green School's existing campus (450 learner capacity).

Discussion of Other Portfolio Results

In 1Q22, there were the following changes in the other portfolio breakdown:

- *The commercial real estate assets have been fully sold.*
- *Digital Services has evolved its business profile and will continue operating as IT Outsourcing.*

Consequently, the five businesses in our "other" private portfolio are Auto Service, Beverages, IT Outsourcing, Housing Development, and Hospitality. They had a combined value of GEL 138.0 million at 31-Mar-22, which represented only 5.3% of our total portfolio.

1Q22 aggregated performance highlights (GEL '000), Other Portfolio

	1Q22	1Q21	Change
Revenue	76,777	64,290	19.4%
EBITDA	1,302	6,545	-80.1%
Net cash flows from operating activities	(3,371)	4,600	NMF

- **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's revenue was down by 10.6% y-o-y to GEL 4.1 million 1Q22, resulting from a 13.5% decrease in the total number of cars serviced during the quarter. The decline in revenue was further reflected in a 24.6% decrease in EBITDA y-o-y to GEL 2.0 million in 1Q22.
  - **Car services and parts business (Amboli) |** In 1Q22, Amboli's revenue was up by 35.5% y-o-y to GEL 6.9 million, reflecting an increase in corporate and wholesale customer segments. Increased salary expenses, resulting from the expansion of the business, led to the decrease in EBITDA (down 60.2% y-o-y to GEL 0.1 million in 1Q22).

- **Beverages |** The beverages business combines three business lines: a wine business, a beer business, and a distribution business
  - **Wine business |** The wine business had significant exposure to the Russian and Ukrainian markets as 61% of the 2021 revenues were generated from sales in these markets (34% of revenues in 1Q22). Due to the implications of the geopolitical tensions, the net revenue of the wine business was down by 44.5% y-o-y in 1Q22. The number of bottles sold was down by 45.9% y-o-y, resulting from the decreased export in Russia and Ukraine during the quarter. Consequently, EBITDA was down by GEL 3.2 million and stood at negative GEL 1.1 million in 1Q22.
  - **Beer business |** The net revenue of the beer business increased by 62.2% to GEL 11.5 million in 1Q22, as the business benefited from fading of COVID cases and related restrictions and increased sale prices. Beer and lemonade y-o-y sales (in hectolitre) were up 26.2% and 2.7x, respectively in 1Q22. GEL average price per litre (average for beer and lemonade) increased by 9.2% y-o-y. Consequently, the EBITDA of the business increased by GEL 1.3 million and stood at GEL 0.6 million in 1Q22.
  - **Distribution business |** Revenue of the distribution business increased by 61.2% y-o-y to GEL 24.4 million in 1Q22, while 1Q21 negative EBITDA recovered and stood at GEL 0.6 million in 1Q22, resulting in a 16.2% q-o-q increase.

- **Housing development, hospitality and commercial real estate businesses** | In 1Q22 revenue of the housing business was up by 5.7% y-o-y and stood at GEL 25.9 million, while EBITDA was down by GEL 4.0 million to negative GEL 1.9 million, reflecting impact from inflation on the construction materials. The revenue of the hospitality business demonstrated a significant growth (up by 62.4% y-o-y in 1Q22), reflecting increased revenue streams, associated with the resumption of the operations at the ski resort hotel (Gudauri Lodge). Consequently, the hospitality business EBITDA was up by 45.4% y-o-y to GEL 2.1 million in 1Q22.

US$ 10 million increase in share buybacks

As outlined in the Chairman and CEO's Statement above, the Board has approved a US$ 10 million increase in share buybacks. Shares for the consideration of US$ 5 million will be repurchased under the current share buyback and cancellation programme, while the remaining US$ 5 million will be bought back for the management trust. The purpose of buyback is to reduce the share capital and the cancellation of the treasury shares is executed on a monthly basis. Under the buyback programme, the maximum price paid per share will not exceed the latest reported NAV per share amount.

In accordance with the authority granted by the shareholders at the 2021 annual general meeting ("AGM"), the maximum number of shares that may be repurchased is 7,180,777. The programme is conducted within certain pre-set parameters, and in accordance with the general authority to repurchase shares granted at the 2021 AGM, Chapter 12 of the FCA Listing Rules and the provisions of the Market Abuse Regulation 596/2014/EU and the Commission Delegated Regulation (EU) 2016/1052 (also as in force in the UK, from time to time, including, where relevant, pursuant to the UK's Market Abuse (Amendment) (EU Exit) Regulations 2019).

The Company has appointed Numis Securities Limited ("Numis") to manage an irrevocable, non-discretionary share buyback programme until the end of the programme on 9 August 2022. During closed periods the Company and its directors have no power to invoke any changes to the programme and it is being executed at the sole discretion of Numis.

The Company will make further announcements in due course following the completion of any share repurchases.

Basis of presentation

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

Under IFRS 10, Georgia Capital PLC meets the "investment entity" definition. For more details about the bases of preparation please refer to page 98 in Georgia Capital PLC 2021 Annual report.

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

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.

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.
21. **Market Value Leverage ("MVL"), also Loan to Value ("LTV")** – Interchangeably used across the document and is calculated by dividing net debt to the total portfolio value.

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 the following portfolio businesses: **(i) a retail (pharmacy) business, (i) a hospitals business, (iii) an insurance business (P&C and medical insurance); (i) a clinics and diagnostics business, (iv) a renewable energy business (hydro and wind assets) and (v) an education business;** Georgia Capital also holds other small private businesses across different industries in Georgia; a 20% equity stake in the **water utility business** and a 19.9% 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: regional instability; impact of COVID-19; 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 Georgia Capital PLC's Annual Report and Accounts 2021. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.

COMPANY INFORMATION

Georgia Capital PLC

Registered Address
42 Brook Street
London W1K 5DB
United Kingdom
www.georgiacapital.ge
Registered under number 10852406 in England and Wales

Stock Listing
London Stock Exchange PLC's Main Market for listed securities
Ticker: "CGEO.LN"

Contact Information
Georgia Capital PLC Investor Relations
Telephone: +44 (0) 203 178 4052; +995 322 000000
E-mail: ir@gcap.ge

Auditors
Ernst & Young LLP
1 More London Place
London, SE1 2AF
United Kingdom

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

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Investor Centre Shareholder Helpline - +44 (0) 370 873 5866

Share price information
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