FINANCIAL PERFORMANCE HIGHLIGHTS (IFRS)[1]

GEL '000, unless otherwise noted	Sep-22	Jun-22	Change	Dec-21	Change	
Georgia Capital NAV overview						
NAV per share, GEL	57.04	52.71	8.2%	63.03	-9.5%	
NAV per share, GBP	18.55	14.78	25.5%	15.10	22.8%	
Net Asset Value (NAV)	2,484,804	2,332,561	6.5%	2,883,622	-13.8%	
Liquid assets and loans issued	632,930	688,741	-8.1%	426,531	48.4%	
NCC ratio[2]	24.4%	27.0%	-2.6 ppts	31.9%	-7.5 ppts	
Georgia Capital Performance	**3Q22**	**3Q21**	**Change**	**9M22**	**9M21**	**Change**
Total portfolio value creation	169,906	244,631	-30.5%	(295,360)	585,080	NMF
of which, listed and observable businesses	*142,450*	*66,246*	*NMF*	*(46,611)*	*110,082*	*NMF*
of which, private businesses	*27,456*	*178,385*	*-84.6%*	*(248,749)*	*474,998*	*NMF*
Investments	12,792	6,542	95.5%	156,948	17,130	NMF
of which, conversion of issued loans into equity	*-*	*-*	*NMF*	*142,584*	*-*	*NMF*
Divestments	-	-	NMF	(557,568)	-	NMF
Buybacks	15,256	9,335	63.4%	68,796	12,534	NMF
Dividend income	32,019	30,000	6.7%	66,440	44,430	49.5%
Net income / (loss)	162,013	229,849	-29.5%	(339,666)	553,148	NMF
Private portfolio companies' performance[1,3]	**3Q22**	**3Q21**	**Change**	**9M22**	**9M21**	**Change**
Large portfolio companies						
Revenue	303,066	316,092	-4.1%	924,989	915,335	1.1%
EBITDA	36,714	45,050	-18.5%	111,827	126,384	-11.5%
Net operating cash flow	34,947	57,537	-39.3%	98,223	98,247	NMF
Investment stage portfolio companies						
Revenue	39,586	42,050	-5.9%	124,707	120,982	3.1%
EBITDA	13,951	15,473	-9.8%	44,001	47,100	-6.6%
Net operating cash flow	18,987	21,809	-12.9%	43,586	43,482	0.2%
Total portfolio[4]						
Revenue	494,671	447,250	10.6%	1,400,099	1,275,344	9.8%
EBITDA	69,581	68,377	1.8%	186,139	201,011	-7.4%
Net operating cash flow	69,891	88,744	-21.2%	153,376	163,135	-6.0%

KEY POINTS

- NAV per share (GEL) up 8.2% in 3Q22, following stabilisation in 2Q22, driven by strong growth in BOG value
- NAV per share (GBP) increased 25.5% in 3Q22, reflecting the 16.0% appreciation of GEL against GBP during the third quarter and strong growth in GEL terms
- Net Capital Commitment (NCC) ratio decreased by 2.6 ppts to 24.4% in 3Q22, resulting from strong growth in the portfolio value and GEL's appreciation against US$
- GEL 32.0 million regular dividend income from the portfolio companies in 3Q22 (GEL 66.4 million in 9M22)
- US$ 102 million GCAP Eurobonds re-purchased to date, including $29 million through the Modified Dutch Auction ("MDA") in October 2022, of which, US$ 65 million were cancelled

Conference call: An investor/analyst conference call will be held on 9 November 2022, at 13:00 UK / 14:00 CET / 08:00 US Eastern Time. Please register at the Registration link to attend the event. Further details about the webinar are available on the Group's webpage.

[1] See "Basis of Presentation" for more background on page 26. Private portfolio companies' performance includes aggregated stand-alone IFRS results for our portfolio companies, which can be viewed as APMs for Georgia Capital, since Georgia Capital does not consolidate its subsidiaries and instead measures them at fair value under IFRS.
[2] Please see definition in glossary on page 27.
[3] Private portfolio companies' performance highlights are presented excluding the water utility business. Aggregated numbers are presented like-for-like basis.
[4] The results of our four smaller businesses included in other portfolio companies (described on page 25) are not broken out separately. Performance totals, however, include the other portfolio companies' results (and are therefore not the sum of large and investment stage portfolio results).

CHAIRMAN AND CEO'S STATEMENT

Our 3Q22 results demonstrate the significant strategic, operational and financial progress of Georgia Capital, and reflect the high level of resilience of our portfolio companies, bolstered by the outstanding growth of the Georgian economy.

3Q22 NAV per share was up 8.2%. The NAV per share growth in 3Q22 resulted mainly from positive value creation across our portfolio companies. In 3Q22, BoG's share price demonstrated a strong recovery (up 52.2% q-o-q), leading to GEL 142.5 million value creation (6.1 ppts positive impact on the NAV per share). The value creation across our private portfolio amounted to GEL 27.5 million (1.2 ppts impact), demonstrating solid growth. The NAV per share growth was further supported by share buybacks and GEL's appreciation against US$ (+1.4 ppts impact), partially offset by management platform related costs and net interest expense (-0.8 ppts impact). In GBP terms, the NAV per share growth in 3Q22 was significant – up 25.5% – reflecting the 16.0% appreciation of GEL against GBP during the quarter.

As discussed in more detail in this report, healthy performance in our non-healthcare businesses enabled us to manage the value creation across the private portfolio notwithstanding a GEL 35.9 million value reduction in our Hospitals and Clinics & Diagnostics businesses. Substantially lower COVID cases in Georgia led to the suspension of COVID contracts by the Government in 1Q22. As a result, we have been restructuring the cost base of our COVID-earmarked hospitals. Together with slow summer admissions, this negatively impacted the performance of our healthcare businesses in 2Q22 and 3Q22. We expect this effect to be temporary and that performance will rebound over the next few quarters as the businesses complete the transition to a more normal post-pandemic operating and demand environment.

We have once again demonstrated our superior access to capital. In October 2022, our renewable energy and housing businesses successfully completed bond placements on the Georgian capital market. The transactions, completed during challenging debt capital market conditions, represent milestone achievements for the businesses.

- Our renewable energy business closed a US$ 80 million green secured bond offering, which represents the largest-ever corporate bond placement in Georgia. The notes are US$-denominated with 5-year bullet maturity (callable after two years) and carry a 7.00% coupon. The proceeds of the notes were fully used to refinance the shareholder loan from GCAP, provided for redeeming the renewable energy business' portion of GGU's US$ 250 million 7.75% Eurobond.
- Our housing business issued a US$ 35 million 2-year bond, carrying an 8.5% coupon. Full proceeds of the notes were used to refinance the 3-year 7.5% coupon US$ 35 million local bonds that matured on 7 October 2022.

Strong progress on our key strategic priority of deleveraging GCAP. In 3Q22, the NCC ratio decreased by 2.6 ppts to 24.4%. The decrease resulted from a combination of factors: a) solid liquidity[5] of GEL 633 million (US$ 223 million) at GCAP, including GEL 32.0 million dividend income from the portfolio companies in 3Q22, b) a 61.4% decrease in GCAP's bank guarantee on the borrowings of the beer business, reflecting the recent strong operating performance of the business, c) growth in the portfolio value, reflecting the strong value creation of our portfolio companies in 3Q22, and d) a 4.5% decrease in the gross debt balance due to GEL's appreciation against US$.

In October 2022, we conducted a Modified Dutch Auction through which we bought back US$ 29.2 million GCAP Eurobonds. In addition to the tendered amount, we had accumulated US$ 72.9 million GCAP Eurobonds through repurchases on the open market. Upon completion of the MDA we cancelled US$ 65.0 million notes, decreasing our outstanding gross debt balance to US$ 300.0 million and leaving US$ 37.1 GCAP Eurobonds in our treasury. The transaction is in line with our key strategic priority to deleverage Georgia Capital's balance sheet. On a pro-forma basis, reflecting the results of the Modified Dutch Auction as well as the subsequent movements in BoG's share price and foreign exchange rates, the NCC ratio reduced further to 22.2% as of 30-Sep-22.

From a **macroeconomic perspective**, the economy has continued to deliver double-digit growth so far in 2022, with real GDP expanding y-o-y by an estimated 10.2% in 9M22, following 10.4% real GDP growth in 2021. On the external side, strong foreign demand throughout the year has been supplemented by substantial remittance inflows, with money transfers up by 65% y-o-y in 9M22. Merchandise exports grew by 37% y-o-y in 9M22, and tourism revenues reached 98% of 2019 levels in 9M22, including 122% in July-September 2022, reflecting the global resumption of travel as well as significant migration, especially from Russia. On the domestic side, credit expansion has also been robust, as the commercial bank loan portfolio grew by 13.7% y-o-y as of September 2022 (on a constant currency basis). Additionally, while fiscal support has moderated, Georgia's fiscal stance remains expansionary, with current expenditures growing by 9% and capital expenditures expanding by 15% y-o-y in 9M22. Despite US$ strengthening globally, the Georgian Lari (GEL) has sustained its appreciation trend since mid-2021 and, compared to the beginning of 2022, had appreciated by 13.0% against the US dollar as of 8 November 2022. This appreciation is driven by the growing demand for Georgian exports, robust remittance and migration inflows, tight monetary policy, accelerated foreign currency lending and the strong tourism recovery. The fiscal deficit is projected to shrink to around 3.2% in 2022, as a result of the higher-than-expected growth, and is expected to return to under 3% of GDP in 2023. The National Bank of Georgia (NBG) has maintained a tight monetary stance with the refinancing rate set at 11% since March 2022, reaffirming its commitment to pursue a tight monetary policy until the current inflationary pressures subside. Inflation was

[5] Includes the loans issued to our private portfolio companies.

11.5% in September 2022, and 12.5% on average in January-September 2022, although it is expected to decelerate gradually during 2023.

Outlook. I continue to be extremely impressed by the leadership teams of our portfolio companies and how successfully they have handled the considerable uncertainties created by the Russia-Ukraine war and remain cautiously optimistic about the emerging opportunities that lie ahead. Our strategic priorities continue to be at the heart of our planning and execution. We have made good progress in deleveraging the business towards our targeted Net Capital Commitment ratio of 15%, and to reduce and maintain our portfolio companies' individually targeted leverage levels. I am pleased with the progress we have made in the achievement of our strategic priorities, while consistently growing NAV per share on the back of capital light investments. With the recent extension of my CEO contract, I am equally excited about the opportunity to help lead the Company into the next phase of its journey. Based on our proven governance and highly experienced Board, further strengthened by Neil Janin's recent appointment as an independent non-executive director, I believe Georgia Capital is extremely well-positioned to continue delivering consistent NAV per share growth over the medium to long term.

Irakli Gilauri, Chairman and CEO

DISCUSSION OF GROUP RESULTS

The discussion below analyses the Group's unaudited net asset value at 30-Sep-22 and its income for the third quarter and nine-month period then ended on an IFRS basis (see "Basis of Presentation" on page 26 below).

Net Asset Value (NAV) Statement

NAV statement summarises the Group's IFRS equity value (which we refer to as Net Asset Value or NAV in the NAV Statement below) at the opening and closing dates for the third quarter (30-Jun-22 and 30-Sep-22). The NAV Statement below breaks down NAV into its components and provides a roll forward of the related changes between the reporting periods. For the NAV Statement for the nine months of 2022 see page 26.

NAV STATEMENT 3Q22

GEL '000, unless otherwise noted	Jun-22	1. Value creation[6]	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/ FX/Other	Sep-22	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	455,719	142,450	-	-	-	-	-	598,169	31.3%
Water Utility	153,000	-	-	-	-	-	-	153,000	0.0%
Total Listed and Observable Portfolio Value	**608,719**	**142,450**	**-**	**-**	**-**	**-**	**-**	**751,169**	**23.4%**
Listed and Observable Portfolio value change %		***23.4%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***23.4%***	
Private Portfolio Companies									
Large Companies	**1,389,193**	**4,897**	**-**	**-**	**(30,034)**	**-**	**-**	**1,364,056**	**-1.8%**
Retail (Pharmacy)	*671,027*	*22,229*	-	-	*(16,018)*	-	-	*677,238*	0.9%
Hospitals	*478,046*	*(32,804)*	-	-	*(13,015)*	-	-	*432,227*	-9.6%
Insurance (P&C and Medical)	*240,120*	*15,472*	-	-	*(1,001)*	-	-	*254,591*	6.0%
Of which, P&C Insurance	*199,810*	*14,090*	-	-	-	-	-	*213,900*	*7.1%*
Of which, Medical Insurance	*40,310*	*1,382*	-	-	*(1,001)*	-	-	*40,691*	*0.9%*
Investment Stage Companies	**443,967**	**7,950**	**4,392**	**-**	**(1,985)**	**-**	**256**	**454,580**	**2.4%**
Renewable Energy	*172,168*	*3,753*	-	-	*(1,985)*	-	*256*	*174,192*	1.2%
Education	*151,753*	*7,287*	*4,392*	-	-	-	-	*163,432*	7.7%
Clinics and Diagnostics	*120,046*	*(3,090)*	-	-	-	-	-	*116,956*	-2.6%
Other Companies	**263,534**	**14,609**	**8,400**	**-**	**-**	**-**	**512**	**287,055**	**8.9%**
Total Private Portfolio Value	**2,096,694**	**27,456**	**12,792**	**-**	**(32,019)**	**-**	**768**	**2,105,691**	**0.4%**
Private Portfolio value change %		***1.3%***	***0.6%***	***0.0%***	***-1.5%***	***0.0%***	***0.0%***	***0.4%***	
Total Portfolio Value (1)	**2,705,413**	**169,906**	**12,792**	**-**	**(32,019)**	**-**	**768**	**2,856,860**	**5.6%**
Total Portfolio value change %		***6.3%***	***0.5%***	***0.0%***	***-1.2%***	***0.0%***	***0.0%***	***5.6%***	
Net Debt (2)	**(365,914)**	**-**	**(12,792)**	**(15,256)**	**32,019**	**(5,095)**	**(29,022)**	**(396,060)**	**8.2%**
of which, Cash and liquid funds	*663,367*	-	*(12,792)*	*(15,256)*	*54,817*	*(5,095)*	*(305,397)*	*379,644*	*-42.8%*
of which, Loans issued	*25,374*	-	-	-	-	-	*227,912*	*253,286*	*NMF*
of which, Accrued dividend income	*22,798*	-	-	-	*(22,798)*	-	-	-	*-100.0%*
of which, Gross Debt	*(1,077,453)*	-	-	-	-	-	*48,463*	*(1,028,990)*	*-4.5%*
Net other assets/ (liabilities) (3)	(6,938)	-	-	-	-	(4,726)	35,668[7]	24,004	*NMF*
of which, share-based comp.	-	-	-	-	-	*(4,726)*	*4,726*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,332,561**	**169,906**	**-**	**(15,256)**	**-**	**(9,821)**	**7,414**	**2,484,804**	**6.5%**
NAV change %		***7.3%***	***0.0%***	***-0.7%***	***0.0%***	***-0.4%***	***0.3%***	***6.5%***	
Shares outstanding[6]	44,249,747	-	-	(689,014)	-	-	-	43,560,733	-1.6%
Net Asset Value per share, GEL	**52.71**	**3.84**	**0.00**	**0.49**	**0.00**	**(0.22)**	**0.21**	**57.04**	**8.2%**
NAV per share, GEL change %		***7.3%***	***0.0%***	***0.9%***	***0.0%***	***-0.4%***	***0.4%***	***8.2%***	

An 8.2% increase in NAV per share (GEL) in 3Q22 reflects both increased valuation of BoG and value creation across our private portfolio companies with a positive 6.1 ppts and 1.2 ppts impact on the NAV per share, respectively. The NAV per share growth was further supported by share buybacks (+0.9 ppts impact) and GEL's appreciation against US$, resulting in a foreign currency gain of GEL 12.1 million on GCAP net debt (+0.5 ppts impact). The NAV per share growth was slightly offset by management platform related costs and net interest expense with negative 0.4 ppts and 0.4 ppts impact, respectively.

Portfolio overview

Total portfolio value increased by GEL 151.4 million (5.6%) to GEL 2.9 billion in 3Q22:

- The value of the listed and observable portfolio was up by GEL 142.5 million (23.4%), resulting from the strong recovery in BoG's share price.
- The value of the private portfolio increased by GEL 9.0 million (0.4%). This mainly reflects the net impact of a) GEL 27.5 million value creation, b) investments of GEL 12.8 million, and c) a decrease of GEL 32.0 million due to dividends paid to GCAP.

Consequently, as of 30-Sep-22, the listed and observable portfolio value totalled GEL 751.2 million (26.3% of the total portfolio value), and the private portfolio value amounted to GEL 2.1 billion (73.7% of the total).

[6] Please see definition in glossary on page 27.
[7] Includes US$ 10 million (GEL 28.4 million) financing provided to Renewable Energy, which is intended to be converted into a quasi-equity type instrument in 4Q22.

1) Value creation

Total portfolio value creation amounted to GEL 169.9 million in 3Q22.

- A GEL 142.5 million value creation from the listed and observable portfolio was attributable to a 52.2% increase in BoG's share price, partially offset by GEL's appreciation against GBP by 16.0% in 3Q22.
- The value creation in the private portfolio amounted to GEL 27.5 million in 3Q22, reflecting:
  - GEL 109.7 million operating-performance related value reduction, mainly driven by the developments across our healthcare businesses (Hospitals and Clinics and Diagnostics), as described in detail on pages 6-7.
  - GEL 137.1 million value creation due to GEL's appreciation against both US$ and EUR and changes in valuation multiples in 3Q22, resulting from the resilience of the Georgian economy in almost all economic data points and the strong outlook for our private portfolio companies.

The table below summarises value creation drivers in our businesses in 3Q22:

Portfolio Businesses	Operating Performance[8]	Greenfields / buy-outs / exits[9]	Multiple Change and FX[10]	Value Creation
GEL '000, unless otherwise noted	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed and Observable				**142,450**
BoG				142,450
Water Utility				-
Private	**(109,662)**	**-**	**137,118**	**27,456**
Large Portfolio Companies	**(79,919)**	**-**	**84,816**	**4,897**
Retail (pharmacy)	*(13,682)*	-	*35,911*	*22,229*
Hospitals	*(92,162)*	-	*59,358*	*(32,804)*
Insurance (P&C and Medical)	*25,925*	-	*(10,453)*	*15,472*
Of which, P&C Insurance	*19,539*	-	*(5,449)*	*14,090*
Of which, Medical Insurance	*6,386*	-	*(5,004)*	*1,382*
Investment Stage Portfolio Companies	**(18,687)**	**-**	**26,637**	**7,950**
Renewable Energy	*22,920*	-	*(19,167)*	*3,753*
Education	*10,844*	-	*(3,557)*	*7,287*
Clinics and Diagnostics	*(52,451)*	-	*49,361*	*(3,090)*
Other	**(11,056)**	**-**	**25,665**	**14,609**
Total portfolio	**(109,662)**	**-**	**137,118**	**169,906**

Valuation overview[11]

In 3Q22, our private large and investment stage portfolio companies were valued internally by incorporating the portfolio companies' 3Q22 results, in line with International Private Equity Valuation ("IPEV") guidelines and methodology deployed in 1H22 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). The independent valuations of large and investment stage businesses are performed on a semi-annual basis. In line with our strategy, from time to time we may receive offers from interested buyers for our private portfolio companies, which would be considered in the overall valuation assessment, where appropriate.

The enterprise value and equity value development of our businesses in 3Q22 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted	30-Sep-22	30-Jun-22	Change %	30-Sep-22	30-Jun-22	Change %	% share in total portfolio
Listed and Observable portfolio				**751,169**	**608,719**	**23.4%**	**26.3%**
BoG				598,169	455,719	31.3%	20.9%
Water Utility				153,000	153,000	0.0%	5.4%
Private portfolio	**3,229,308**	**3,236,186**	**-0.2%**	**2,105,691**	**2,096,694**	**0.4%**	**73.7%**
Large portfolio companies	**1,810,508**	**1,821,489**	**-0.6%**	**1,364,056**	**1,389,193**	**-1.8%**	**47.7%**
Retail (pharmacy)	923,623	915,257	0.9%	677,238	671,027	0.9%	23.7%
Hospitals	646,175	678,687	-4.8%	432,227	478,046	-9.6%	15.1%
Insurance (P&C and Medical)	240,710	227,545	5.8%	254,591	240,120	6.0%	8.9%
Of which, P&C Insurance	213,900	199,810	7.1%	213,900	199,810	7.1%	7.5%
Of which, Medical Insurance	26,810	27,735	-3.3%	40,691	40,310	0.9%	1.4%
Investment stage portfolio companies	**795,249**	**792,525**	**0.3%**	**454,580**	**443,967**	**2.4%**	**15.9%**
Renewable Energy	416,536	421,002	-1.1%	174,192	172,168	1.2%	6.1%
Education[12]	194,827	182,688	6.6%	163,432	151,753	7.7%	5.7%
Clinics and Diagnostics	183,886	188,835	-2.6%	116,956	120,046	-2.6%	4.1%
Other	**623,551**	**622,172**	**0.2%**	**287,055**	**263,534**	**8.9%**	**10.0%**
Total portfolio				**2,856,860**	**2,705,413**	**5.6%**	**100.0%**

[8] 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.

[9] 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.

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

[11] Please read more about valuation methodology on pages 26 in "Basis of presentation".

[12] Enterprise value is presented excluding the recently launched schools (Pesvebi and Tkekultura) and non-operational assets, which are added to the equity value of the education business at cost.

Private large portfolio companies (47.7% of total portfolio value)

Retail (Pharmacy) (23.7% of total portfolio value) – the Enterprise Value (EV) of Retail (Pharmacy) was up by 0.9% to GEL 923.6 million in 3Q22, reflecting the continued strong outlook of the business driven by the expansion of the retail chain and resilience of Georgian economy. 3Q22 revenues were down by 1.8% y-o-y in 3Q22, reflecting a) the recalibration of product prices due to GEL's appreciation against foreign currencies (the FX effect is directly transmitted into the pricing as c.70% of the inventory purchases are denominated in foreign currencies) and b) continuing gradual transfer of the hospitals business' procurement department from pharmacy to hospitals (which began in January 2021 and is expected to complete by the end of 2022). EBITDA (excl. IFRS 16) was down by 11.9% y-o-y in 3Q22, reflecting the increased operating expenses in line with the expansion of the retail (pharmacy) business and inflation. See page 14 for details. Consequently, LTM EBITDA (incl. IFRS 16) was down by 2.1% to GEL 107.4 million in 3Q22. Net debt (incl. IFRS 16) remained largely flat, down by 0.7% q-o-q to GEL 158.4 million in 3Q22. The business paid a GEL 16.0 million dividend to GCAP in 3Q22. As a result, the fair value of GCAP's stake in Retail (Pharmacy) amounted to GEL 677.2 million, up by 0.9% y-o-y in 3Q22. The implied LTM EV/EBITDA valuation multiple (incl. IFRS 16) increased to 8.6x as at 30-Sep-22 (up from 8.3x as of 30-Jun-22).

Hospitals (15.1% of total portfolio value) – Hospitals' EV decreased by 4.8% to GEL 646.2 million in 3Q22. Revenues were down by 18.1% y-o-y in 3Q22, reflecting the temporary impact from the suspension of COVID contracts by the Government in 1Q22. Restructuring the cost base of COVID hospitals and phasing out from Government contracts temporarily suppressed business margins, which translated into a 7.1 ppts y-o-y decrease in the 3Q22 EBITDA margin (excl. IFRS 16). Consequently, EBITDA (excl. IFRS 16) was down 44.9% y-o-y in 3Q22. See page 16 for details. Net debt, which reflects GEL 13.0 million dividend payment to GCAP in 3Q22, was up by 8.5% q-o-q to GEL 182.9 million as of 30-Sep-22. LTM EBITDA (incl. IFRS 16) decreased by 12.6% to GEL 56.7 million in 3Q22 as the business completes the transition to the post-pandemic environment. As a result, the equity value of the business was assessed at GEL 432.2 million, down 9.6% q-o-q in 3Q22, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 11.4x at 30-Sep-22 (up from 10.5x at 30-Jun-22 due to the temporary decrease in the LTM EBITDA from transition into the post-pandemic environment).

Insurance (P&C and Medical) (8.9% of total portfolio value) – The insurance business combines: a) P&C Insurance valued at GEL 213.9 million and b) Medical Insurance valued at GEL 40.7 million.

P&C Insurance – Net premiums earned increased by 20.5% y-o-y to GEL 27.3 million in 3Q22, mainly reflecting the growth in the credit life and agricultural insurance lines. The combined ratio was down 2.7 ppts y-o-y in 3Q22, reflecting a) a 3.9 ppts decrease in loss ratio on the back of the robust revenue growth, supported by a reduced number of COVID-19-related credit life insurance claims and b) a 1.3 ppts increase in expense ratio due to the increase in salaries and other operating expenses in line with the business growth. Consequently, 3Q22 net income was up 38.5% y-o-y to GEL 6.6 million. See page 17 for details. LTM net income[13] was up by 10.1% to GEL 20.0 million in 3Q22. As a result, the equity value of the P&C insurance business was assessed at GEL 213.9 million at 30-Sep-22 (up 7.1% q-o-q). The implied LTM P/E valuation multiple stood at 10.7x in 3Q22 (down from 11.0x in 2Q22).

Medical Insurance – Net premium earned increased by 2.7% y-o-y to GEL19.4 million in 3Q22, reflecting the net impact of c.5% increase in the prices of insurance policies and related decrease in the number of insured clients for the same period (down 4.9% y-o-y as of 30-Sep-22). The combined ratio was down by 1.0 ppts y-o-y to 90.7%, resulting from the 1.5 ppts y-o-y decrease in the loss ratio in 3Q22. Consequently, the net income of the medical insurance business was up by 28.9% y-o-y to GEL 2.3 million in 3Q22. See page 17 for details. LTM net income[14] was up by 15.3% to GEL 3.2 million in 3Q22. The business paid GEL 1.0 million dividends to GCAP. As a result, the equity value of the business was assessed at GEL 40.7 million at 30-Sep-22 (up 0.9% q-o-q). The implied LTM P/E valuation multiple was at 12.7x in 3Q22, down from 14.5x in 2Q22.

Private investment stage portfolio companies (15.9% of total portfolio value)

Renewable Energy (6.1% of total portfolio value) – EV in US$ terms was up by 2.2% to US$ 146.9 million in 3Q22 (down 1.1% to GEL 416.5 million in GEL terms, reflecting the local currency appreciation against US$ during the quarter). In US$ terms, revenue and EBITDA were up 23.9% and 30.4% y-o-y in 3Q22, respectively, reflecting an increase in both the average electricity selling price (up 8.8% y-o-y) and the electricity generation (up 19.1% y-o-y) in 3Q22. Revenue and EBITDA in GEL terms were up by 12.5% and 18.4% y-o-y, respectively, in 3Q22. See page 20 for details. The pipeline renewable energy projects continued to be measured at an equity investment cost of GEL 40.9 million in aggregate. Net debt was down by 2.6% to GEL 242.3 million in 3Q22, also reflecting the currency movements (in US$ terms, the net debt remained largely flat, up by 0.6% q-o-q to US$ 85.5 million). The business paid GEL 2.0 million dividends to GCAP in 3Q22. As a result, the equity value of Renewable Energy was assessed at GEL 174.2 million in 3Q22 (up by 1.2% q-o-q), (up 4.5% q-o-q to US$ 61.4 in US$ terms). The blended EV/EBITDA valuation multiple of the operational assets stood at 10.7x in 3Q22, down from 11.1x in 2Q22.

Education (5.7% of total portfolio value) – EV of Education was up by 6.6% to GEL 194.8 million in 3Q22, reflecting the strong operating performance of the business. Strong intakes and a ramp-up of utilization, in line with both the organic growth and expansion of the business, led to a 100.9% and 83.3% y-o-y increase in revenue and EBITDA in 3Q22, respectively. In 3Q22, GCAP invested GEL 4.4 million in Education predominantly for capacity expansion of Buckswood (mid-scale segment) and

[13] Adjusted for non-recurring items.
[14] Adjusted for non-recurring items.

Green School (affordable segment). See page 21 for details. LTM EBITDA was up 10.2% to GEL 13.2 million in 3Q22. Net debt was down by 16.8% to GEL 7.4 million in 3Q22, reflecting GEL's appreciation against foreign currencies during the quarter. As a result, the GCAP's stake in the education business was valued at GEL 163.4 million in 3Q22 (up 7.7% q-o-q). This translated into the implied valuation multiple of 14.8x in 3Q22, down from 15.3x in 2Q22. The forward-looking implied valuation multiple is estimated at 11.8x for the 2023-2024 academic year.

Clinics and Diagnostics (4.1% of total portfolio value) – The EV of the business decreased by 2.6% to GEL 183.9 million in 3Q22. Similar to the hospitals business, our clinics business was also impacted by the suspension of COVID contracts by the Government, which led to a 20.1% y-o-y decrease in revenues in 3Q22. The revenue of our diagnostics business, which apart from regular lab tests is actively engaged in COVID-19 testing, was impacted by substantially lower COVID cases and was down by 49.4% y-o-y in 3Q22. Consequently, the combined 3Q22 revenue of the clinics and diagnostics business was down by 30.1% y-o-y leading to a 78.6% y-o-y decrease in 3Q22 EBITDA (excl. IFRS 16). See page 22 for details. LTM EBITDA (incl. IFRS 16) of the business was down by 24.2% to GEL 14.5 million in 3Q22. As a result, the equity value of the business was assessed at GEL 117.0 million, down 2.6% q-o-q in 3Q22, translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 12.7x at 30-Sep-22, up from 9.8x at 30-Jun-22.

Other businesses (10.0% of total portfolio value)- The "other" private portfolio (Auto Service, Beverages, 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 25. The portfolio had a combined value of GEL 287.1 million at 30-Sep-22, up by 8.9% q-o-q. The increase in the portfolio value mainly reflects a) GEL 14.6 million value creation predominantly resulting from the positive developments across our beer and auto services businesses and b) GEL 8.4 million investment in Housing Development for the bridge financing of the business.

Listed and observable portfolio companies (26.3% of total portfolio value)

BOG (20.9% of total portfolio value) – In 2Q22, BoG delivered an annualised ROAE of 32.8% and strong 10.2% 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, MSME and corporate portfolios. In 3Q22, BoG's share price demonstrated a robust recovery and was up by 52.2 % q-o-q to GBP 19.88 at 30-Sep-22. The positive impact of BOG's share price performance on our valuations was partially offset by GEL's appreciation against GBP by 16.0% in 3Q22. As a result, the market value of our equity stake in BoG increased by 20.9% to GEL 598.2 million in 3Q22. GCAP received GEL 22.8 million dividends from the Bank In 3Q22. In addition, on 20-Oct-22, GCAP received GEL 18.1 million interim dividends from BoG, up 24.8% compared to interim dividends received in 2021. Under its ongoing share buyback and cancellation programme, the Bank repurchased 1.0 million shares in 3Q22, which led to an increase in GCAP's holding in BoG to 20.3% at 30-Sep-22 (up from 19.9% at 30-Jun-22). BoG's public announcement of their 3Q22 results, when published, will be available on BoG's website.

Water Utility (5.4% of total portfolio value) – In 3Q22, the fair value of GCAP's 20% holding in the water utility business, where GCAP has a clear exit path through a put and call structure at pre-agreed EBITDA multiples[15], remained unchanged at GEL 153.0 million. In 1H22, GCAP's stake was valued by the application of the put option valuation to the normalised[16] LTM EBITDA of the business as at 30-Jun-22.

2) Investments[17]

In 3Q22, GCAP invested GEL 12.8 million in private portfolio companies.

- GEL 4.4 million was allocated to the education business predominantly for the capacity expansion of the existing campus of Buckswood (mid-scale segment), the development of the land and building of the existing campuses of Green School (affordable segment), the buyout of 9% minority shareholders in one of the Green School campuses (GCAP's stake increased to 90%) as well as earnout payments to minority shareholders.
- GEL 8.4 million was invested in Housing Development for the bridge financing of the business.

3) Share buybacks

During 3Q22, 689,014 shares were bought back for a total consideration of GEL 15.3 million.

- 126,153 shares were repurchased for the management trust.
- 562,861 shares were repurchased under the US$ 25 million share buyback and cancellation programme. The total value of shares repurchased under the programme amounted to GEL 12.2 million (US$ 4.4 million) in 3Q22.

[15] More details are available on our website: https://georgiacapital.ge/ir/water-utility-disposal.
[16] Normalised for the items as set out in the terms of the disposal.
[17] Investments are made at JSC Georgia Capital level, the Georgian holding company.

4) Dividends[18]

In 3Q22, Georgia Capital recorded GEL 32.0 million regular dividend income from portfolio companies, of which:

- GEL 16.0 million was collected from Retail (Pharmacy),
- GEL 13.0 million from Hospitals,
- GEL 2.0 million from Renewable Energy,
- GEL 1.0 million from Medical Insurance.

9M22 NAV STATEMENT HIGHLIGHTS

GEL '000, unless otherwise noted	Dec-21	1. Value creation[19]	2a. Investment and divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/ FX/Other	Sep-22	Change %
Total Listed and Observable Portfolio Value	**681,186**	**(46,611)**	**139,392**	**-**	**(22,798)**	**-**	**-**	**751,169**	**10.3%**
Listed and Observable Portfolio value change %		*-6.8%*	*20.5%*	*0.0%*	*-3.3%*	*0.0%*	*0.0%*	*10.3%*	
Total Private Portfolio Companies	**2,935,045**	**(248,749)**	**(540,012)**	**-**	**(43,642)**	**-**	**3,049**	**2,105,691**	**-28.3%**
Of which, Large Companies	2,249,260	(151,657)	(696,960)	-	(37,408)	-	821	1,364,056	-39.4%
Of which, Investment Stage Companies	461,140	(7,020)	5,951	-	(6,234)	-	743	454,580	-1.4%
Of which, Other Companies	224,645	(90,072)	150,997	-	-	-	1,485	287,055	27.8%
Private Portfolio value change %		*-8.5%*	*-18.4%*	*0.0%*	*-1.5%*	*0.0%*	*0.1%*	*-28.3%*	
Total Portfolio Value (1)	**3,616,231**	**(295,360)**	**(400,620)**	**-**	**(66,440)**	**-**	**3,049**	**2,856,860**	**-21.0%**
Total Portfolio value change %		*-8.2%*	*-11.1%*	*0.0%*	*-1.8%*	*0.0%*	*0.1%*	*-21.0%*	
Net Debt (2)	**(711,074)**	**-**	**400,627**	**(68,796)**	**66,440**	**(16,046)**	**(73,211)**	**(396,060)**	**-44.3%**
Net Asset Value (1)+(2)+(3)	**2,883,622**	**(295,360)**	**-**	**(68,796)**	**-**	**(29,521)**	**(5,141)**	**2,484,804**	-13.8%
NAV change %		*-10.2%*	*0.0%*	*-2.4%*	*0.0%*	*-1.0%*	*-0.2%*	*-13.8%*	
Shares outstanding[19]	45,752,362	-	-	(2,855,592)	-	-	663,963	43,560,733	-4.8%
Net Asset Value per share, GEL	**63.03**	**(6.46)**	**(0.00)**	**2.59**	**(0.00)**	**(0.65)**	**(1.46)**	**57.04**	**-9.5%**
NAV per share, GEL change %		*-10.2%*	*0.0%*	*4.1%*	*0.0%*	*-1.0%*	*-2.3%*	*-9.5%*	

NAV per share (GEL) decreased by 9.5% in 9M22, reflecting a) value reduction across our listed and observable and private portfolio companies with a 1.6 ppts and 8.6 ppts negative impact on the NAV per share, respectively, and b) management platform related costs (-1.0 ppts impact) and net interest expenses (-1.0 ppts impact). The NAV per share decrease was partially offset by share buybacks (+4.1 ppts impact) and GEL's appreciation against US$ by 9.3%, resulting in a foreign currency gain of GEL 26.6 million on GCAP net debt (+0.9 ppts impact).

Portfolio overview

The total portfolio value decreased by GEL 759.4 million (21.0%) in 9M22.

- The value of the water utility business decreased by GEL 544.0, reflecting the net impact of the disposal of an 80% equity interest in the business and the application of the put option valuation to GCAP's remaining 20% holding in the business, the latter leading to GEL 13.6 million value creation in 9M22.
- The value of GCAP's holding in BoG was down by GEL 83.0 million, reflecting GEL 60.2 million negative value creation and GEL 22.8 million dividend receipt from the Bank in 9M22.
- The value of the private portfolio decreased by GEL 132.4 million in 9M22.

1) Value creation

Total portfolio value reduction amounted to GEL 295.4 million in 9M22.

- 19.2% increase in BoG's share price was fully offset by GEL's 35.7% appreciation against GBP in 9M22, resulting in a GEL 60.2 million negative value creation.
- The negative value creation across our private portfolio amounted to GEL 248.7 million, resulting from a) GEL 286.7 million operating performance related value reduction and b) GEL 38.0 million value creation due to the changes in foreign exchange rates (GEL 22.8 million) and valuation multiples (GEL 15.2 million) in 9M22.
  a) Operating performance related value decrease reflects the organic transition of our healthcare businesses to the post-pandemic environment as described earlier in this report and the spillover effect of the Russia-Ukraine war on our wine (c. 60% sales exposure to Russia and Ukraine in 2021) and housing businesses (significant growth in construction materials costs).

[18] Dividends are received at JSC Georgia Capital level, the Georgian holding company.
[19] Please see definition in glossary on page 27.

b) The value creation due to changes in valuation multiples and FX reflects the strong outlook of our private portfolio companies, supported by the resilience of the Georgian economy, notwithstanding the continued uncertainties surrounding the regional geopolitical tensions, the latter leading to approximately 2.0-3.0 ppts increase in discount rates and the reduction of listed peer multiples in 9M22.

The table below summarises value creation drivers in our businesses in 9M22:

Portfolio Businesses	Operating Performance[20]	Greenfields / buy-outs / exits[21]	Multiple Change and FX[22]	Value Creation
GEL '000, unless otherwise noted	*(1)*	*(2)*	*(3)*	*(1)+(2)+(3)*
Listed and Observable				**(46,611)**
BoG				(60,219)
Water Utility				13,608
Private	**(286,742)**	***(13)***	**38,006**	**(248,749)**
Large Portfolio Companies	**(131,214)**	**-**	**(20,443)**	**(151,657)**
Retail (pharmacy)	*38,944*	-	*(56,073)*	*(17,129)*
Hospitals	*(195,794)*	-	*67,221*	*(128,573)*
Insurance (P&C and Medical)	*25,636*	-	*(31,591)*	*(5,955)*
Of which, P&C Insurance	*31,862*	-	*(22,914)*	*8,948*
Of which, Medical Insurance	*(6,226)*	-	*(8,677)*	*(14,903)*
Investment Stage Portfolio Companies	**(32,150)**	**-**	**25,130**	**(7,020)**
Renewable Energy	*30,591*	-	*(24,591)*	*6,000*
Education	*37,273*	-	*(9,245)*	*28,028*
Clinics and Diagnostics	*(100,014)*	-	*58,966*	*(41,048)*
Other	**(123,378)**	***(13)***	**33,319**	**(90,072)**
Total portfolio	**(286,742)**	**(13)**	**38,006**	**(295,360)**

The enterprise value and equity value development of our businesses in 9M22 are summarised in the following table:

	Enterprise Value (EV)			Equity Value			
GEL '000, unless otherwise noted	30-Sep-22	31-Dec-21	Change %	30-Sep-22	31-Dec-21	Change %	% share in total portfolio
Listed and Observable portfolio				**751,169**	**681,186**	**10.3%**	**26.3%**
BoG				598,169	681,186	-12.2%	20.9%
Water Utility				153,000	-	NMF	5.4%
Private portfolio	**3,229,308**	**4,633,145**	**-30.3%**	**2,105,691**	**2,935,045**	**-28.3%**	**73.7%**
Large portfolio companies	**1,810,508**	**3,126,186**	**-42.1%**	**1,364,056**	**2,249,260**	**-39.4%**	**47.7%**
Retail (pharmacy)	923,623	952,269	-3.0%	677,238	710,385	-4.7%	23.7%
Hospitals	646,175	791,756	-18.4%	432,227	573,815	-24.7%	15.1%
Water Utility	-	1,129,902	NMF	-	696,960	NMF	NMF
Insurance (P&C and Medical)	240,710	252,259	-4.6%	254,591	268,100	-5.0%	8.9%
Of which, P&C Insurance	213,900	211,505	1.1%	213,900	211,505	1.1%	7.5%
Of which, Medical Insurance	26,810	40,754	-34.2%	40,691	56,595	-28.1%	1.4%
Investment stage portfolio companies	**795,249**	**779,824**	**2.0%**	**454,580**	**461,140**	**-1.4%**	**15.9%**
Renewable Energy	416,536	428,248	-2.7%	174,192	173,288	0.5%	6.1%
Education[23]	194,827	139,947	39.2%	163,432	129,848	25.9%	5.7%
Clinics and Diagnostics	183,886	211,629	-13.1%	116,956	158,004	-26.0%	4.1%
Other	**623,551**	**727,135**	**-14.2%**	**287,055**	**224,645**	**27.8%**	**10.0%**
Total portfolio				**2,856,860**	**3,616,231**	**-21.0%**	**100.0%**

2) Investments[24]

In 9M22, GCAP's cash investments amounted to GEL 14.4 million, of which:

- GEL 5.6 million was invested in the education business, in line with GCAP's capital allocation outlook.
- GEL 8.4 million was allocated to Housing Development for the bridge financing of business.

The investments presented in the 9M22 NAV statement also reflect the following non-cash operations: a) the transfer of the remaining 20% equity interest in the water utility business to the listed and observable portfolio (GEL 139.4 million) and b) the conversion of loans issued predominantly to our beverages and real estate businesses into equity (GEL 142.6 million).

3) Share buybacks

During 9M22, 2,855,592 shares were bought back for a total consideration of GEL 68.8 million.

- 603,251 shares were repurchased for the management trust.
- 2,252,341 shares were repurchased under the US$ 25 million share buyback and cancellation programme. The total value of shares repurchased under the programme amounted to GEL 54.3 million (US$ 18.1 million) in 9M22.

Since the commencement of the buyback programme in August 2021, 3,075,923 shares (6.4% of issued capital) have been repurchased and cancelled. The total value of shares amounted to GEL 76.2 million (US$ 25.0 million).

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[20] 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.
[21] 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.
[22] Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.
[23] Excluding the recently launched schools (Pesvebi and Tkekultura) and non-operational assets, added to the equity value of the education business at cost.
[24] Investments are made at JSC Georgia Capital level, the Georgian holding company.

4) Dividends[25]

In 9M22, Georgia Capital collected GEL 66.4 million dividends in aggregate from the portfolio companies, of which:

- GEL 22.8 million was received from BoG,
- GEL 16.0 million from Retail (Pharmacy),
- GEL 13.0 million from Hospitals,
- GEL 7.4 million from P&C Insurance,
- GEL 6.2 million from Renewable Energy,
- GEL 1.0 million from Medical Insurance.

Net Capital Commitment (NCC) overview

Below we describe the components of Net Capital Commitment (NCC) as of 30 September 2022 and as of 30 June 2022. NCC represents an aggregated view of all confirmed, agreed and expected capital outflows at the GCAP HoldCo level.

Components of NCC GEL '000, unless otherwise noted	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change
Cash at banks	147,010	359,262	-59.1%	132,580	10.9%
Liquid funds	232,634	304,105	-23.5%	139,737	66.5%
Of which, Internationally listed debt securities	*229,336*	*300,967*	*-23.8%*	*137,215*	*67.1%*
Of which, Locally listed debt securities	*3,298*	*3,138*	*5.1%*	*2,522*	*30.8%*
Total cash and liquid funds	**379,644**	**663,367**	**-42.8%**	**272,317**	**39.4%**
Loans issued[26]	253,284	25,374	NMF	21,540	NMF
Accrued dividend income	-	22,798	NMF	-	NMF
Gross debt	(1,028,990)	(1,077,453)	-4.5%	(1,137,605)	-9.5%
Net debt (1)	**(396,062)**	**(365,914)**	**8.2%**	**(843,748)**	**-53.1%**
Guarantees issued (2)	**(17,588)**	**(45,615)**	**-61.4%**	**(55,297)**	**-68.2%**
Net debt and guarantees issued (3)=(1)+(2)	**(413,650)**	**(411,529)**	**0.5%**	**(899,045)**	**-54.0%**
Planned investments (5)	**(149,195)**	**(158,675)**	**-6.0%**	**(131,933)**	**13.1%**
of which, planned investments in Renewable Energy	(85,208)	(88,024)	-3.2%	(101,834)	-16.3%
of which, planned investments in Education	(63,987)	(70,651)	-9.4%	(30,099)	NMF
Announced Buybacks (6)	**-**	**(12,597)**	**NMF**	**(9,330)**	**NMF**
Contingency/liquidity buffer (7)	**(141,760)**	**(146,444)**	**-3.2%**	**(154,880)**	**-8.5%**
Total planned investments, announced buybacks and contingency/liquidity buffer (8)=(5)+(6)+(7)	**(290,955)**	**(317,716)**	**-8.4%**	**(296,143)**	**-1.8%**
Net capital commitment (3)+(8)	**(704,605)**	**(729,245)**	**-3.4%**	**(1,195,188)**	**-41.0%**
Portfolio value	**2,885,210[27]**	**2,705,413**	**6.6%**	**3,748,905[26]**	**-23.0%**
NCC ratio	**24.4%**	**27.0%**	**-2.6 ppts**	**31.9%**	**-7.5 ppts**

Cash and liquid funds. Total cash and liquid funds' balance was down by 42.8% to GEL 379.6 million (US$ 133.9 million) in 3Q22. The decrease was mainly driven by a) GEL 234.4 million in issued loans, b) a GEL 32.0 million coupon payment in 3Q22, c) a GEL 16.7 million cash outflow for buybacks, d) GEL 12.8 million capital allocations and e) GEL's appreciation in 3Q22, as more than 90% of the cash and liquid funds were denominated in foreign currencies. The decrease was partially offset by the dividend and interest receipts of GEL 54.8 and GEL 6.5 million in 3Q22, respectively.

Internationally listed debt securities balance includes dollar-denominated Eurobonds issued by Georgian corporates to generate yield on GCAP's liquid funds. As at 30-Sep-22, the balance amounted to GEL 229.3 million, of which GEL 185.2 million (US$ 65.3 million) was allocated to GCAP's Eurobond.

In 9M22, total cash and liquid funds' balance was up 39.4% in 9M22, reflecting a) the receipt of GEL 526.7 million (US$ 173 million) cash proceeds (net of transaction fees) in 1Q22 from the disposal of an 80% equity interest in the water utility business, b) dividend and interest receipts of GEL 66.4 million and GEL 20.1 million, respectively. The increase was partially offset by a) GEL 248.7 million loans issued to our private portfolio companies, b) GEL 70.0 million coupon payment and c) GEL 74.8 million cash outflow for buybacks.

Loans issued[26]. Issued loans' balance primarily refers to loans issued to our private portfolio companies and are lent at market terms. The increase in issued loans' balance both in 3Q22 and 9M22 reflects US$ 90 million (GEL 261.3 million) financing provided to the renewable energy business to redeem the renewable energy business's portion of GGU's US$ 250.0 million Green Eurobond in September 2022. Out of US$ 90 million, a US$ 80 million shareholder loan from GCAP was repaid by the business in October 2022 from the proceeds of a US$ 80 million green secured bond placement on the local market. The remaining US$ 10 million (GEL 28.4 million), which is currently presented under the net other assets/ (liabilities) balance on our 3Q22 NAV statement, is intended to be converted into a quasi-equity type instrument in 4Q22.

[25] Dividends are received at JSC Georgia Capital level, the Georgian holding company.
[26] Loans issued balance and portfolio value as at 31-Dec-21 reflect the retrospective conversions of the loans issued to our other businesses into equity.
[27] Includes US$ 10 million (GEL 28.4 million) financing provided to Renewable energy, which is intended to be converted into a quasi-equity type instrument in 4Q22.

Gross debt. At 30-Sep-22 the outstanding balance of US$ 365 million six-year Eurobonds due in March 2024 was GEL 1,029.0 million, down 4.5% in 3Q22 and down 9.5% in 9M22, reflecting the GEL's appreciation against US$. As a result of the Modified Dutch Auction, completed in October 2022, and the subsequent cancellation of the US$ 65 million GCAP Eurobond, as described earlier in this report, the outstanding balance of GCAP's Eurobonds decreased to US$ 300 million in 4Q22.

Guarantees issued. The balance reflects GCAP's guarantee on the borrowing of the beer business. Due to the recent strong operating performance of the business, GCAP's guarantee decreased by EUR 8.4 million to EUR 6.4 million in 3Q22.

Planned investments. Planned investments' balance represents expected investments in renewable energy and education businesses over the next 2-3 years. The balance was down by 6.0% due to the investments in the education business in 3Q22 as well as GEL's appreciation during the quarter.

Announced buybacks. The decrease in the announced buybacks' balance reflects the completion of the US$ 25 million share buyback and cancellation programme, as described on pages 7 and 9.

Contingency/liquidity buffer. The balance reflects the cash and liquid assets in the amount of US$ 50 million, held by GCAP at all times, for contingency/liquidity purposes. The balance remained unchanged in US$ terms as at 30-Sep-22.

As a result of the movements described above, NCC was down by 3.4% to GEL 704.6 million (US$ 248.5 million), translating into a 24.4% NCC ratio as at 30-Sep-22 (down by 2.6 ppts q-o-q).

Calculated on a pro-forma basis to reflect the subsequent movements in BoG's share price and foreign exchange rates, as well as the results of the Modified Dutch Auction, conducted in Oct-22, the NCC ratio was down to 22.2% as of 30-Sep-22.

INCOME STATEMENT (ADJUSTED IFRS / APM)

Net income under IFRS was GEL 164.5 million in 3Q22 (GEL 234.5 million net income in 3Q21). Net loss was GEL 344.6 million in 9M22 (GEL 559.7 million net income in 9M21). The IFRS income statement is prepared on the Georgia Capital PLC level and the results of all operations of the Georgian holding company JSC Georgia Capital are presented as one line item. As we conduct almost all of our operations through JSC Georgia Capital, through which we hold all of our portfolio companies, the IFRS results provide little transparency on the underlying trends.

Accordingly, to enable a more granular analysis of those trends, the following adjusted income statement presents the Group's results of operations for the period ending September 30 as an aggregation of (i) the results of GCAP (the two holding companies Georgia Capital PLC and JSC Georgia Capital, taken together) and (ii) the fair value change in the value of portfolio companies during the reporting period. For details on the methodology underlying the preparation of the adjusted income statement, please refer to page 98 in Georgia Capital PLC 2021 Annual report.

INCOME STATEMENT (Adjusted IFRS/APM)

GEL '000, unless otherwise noted	3Q22	3Q21	Change	9M22	9M21	Change
Dividend income	32,019	30,000	6.7%	66,440	44,430	49.5%
Interest income	8,165	6,267	30.3%	26,315	16,884	55.9%
Realised / unrealised (loss)/gain on liquid funds	(1,719)	(547)	NMF	(13,154)	967	NMF
Interest expense	(16,573)	(19,519)	-15.1%	(54,253)	(57,039)	-4.9%
Gross operating income	**21,892**	**16,201**	**35.1%**	**25,348**	**5,242**	**NMF**
Operating expenses	(9,821)	(8,888)	10.5%	(29,521)	(26,984)	9.4%
GCAP net operating income/(loss)	**12,071**	**7,313**	**65.1%**	**(4,173)**	**(21,742)**	**-80.8%**
Fair value changes of portfolio companies						
Listed and Observable Portfolio Companies	**142,450**	**66,246**	**NMF**	**(69,409)**	**110,082**	**NMF**
Of which, Bank of Georgia Group PLC	*142,450*	*66,246*	*NMF*	*(83,017)*	*110,082*	*NMF*
Of which, Water Utility	-	-	*NMF*	*13,608*	-	*NMF*
Private Portfolio companies	**(4,563)**	**148,385**	**NMF**	**(292,391)**	**430,568**	**NMF**
Large Portfolio Companies	**(25,137)**	**152,482**	**NMF**	**(189,065)**	**354,337**	**NMF**
Of which, Retail (pharmacy)	*6,211*	*37,224*	*-83.3%*	*(33,147)*	*64,881*	*NMF*
Of which, Hospitals	*(45,819)*	*30,371*	*NMF*	*(141,588)*	*121,260*	*NMF*
Of which, Water Utility	-	*71,260*	*NMF*	-	*147,357*	*NMF*
Of which, Insurance (P&C and Medical)	*14,471*	*13,627*	*6.2%*	*(14,330)*	*20,839*	*NMF*
Investment Stage Portfolio Companies	**5,965**	**(6,818)**	**NMF**	**(13,254)**	**47,297**	**NMF**
Of which, Renewable energy	*1,768*	*(13,000)*	*NMF*	*(234)*	*(5,368)*	*-95.6%*
Of which, Education	*7,287*	*(1,595)*	*NMF*	*28,028*	*21,612*	*29.7%*
Of which, Clinics and Diagnostics	*(3,090)*	*7,777*	*NMF*	*(41,048)*	*31,053*	*NMF*
Other businesses	**14,609**	**2,721**	**NMF**	**(90,072)**	**28,934**	**NMF**
Total investment return	**137,887**	**214,631**	**-35.8%**	**(361,800)**	**540,650**	**NMF**
Income/(loss) before foreign exchange movements and non-recurring expenses	**149,958**	**221,944**	**-32.4%**	**(365,973)**	**518,908**	**NMF**
Net foreign currency gain	12,137	7,932	53.0%	26,585	34,485	-22.9%
Non-recurring expenses	(82)	(27)	NMF	(278)	(245)	13.5%
Net income/(loss)	**162,013**	**229,849**	**-29.5%**	**(339,666)**	**553,148**	**NMF**

Gross operating income of GEL 21.9 million in 3Q22 reflects a 6.7% and 30.3% increase in dividend and interest income, respectively, which was further supported by a decrease in interest expenses due to GEL's y-o-y appreciation against US$. Gross operating income of GEL 25.3 million in 9M22 also reflects increased dividend and interest inflows, which was partially offset by GEL 13.2 million realised and unrealised loss on liquid funds held by GCAP – which was mostly unrealised due to the market volatility driven by the regional geopolitical instability. The significant interest income growth in 3Q22 and 9M22 was mainly due to the increased average liquid funds balance in 2022.

GCAP earned an average yield of 3.7% on the average balance of liquid assets of GEL 442.8 million in 9M22 (3.3% on GEL 242.5 million in 9M21).

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

GCAP Operating Expenses Components

GEL '000, unless otherwise noted	3Q22	3Q21	Change	9M22	9M21	Change
Administrative expenses[28]	(2,693)	(2,613)	3.1%	(8,780)	(8,453)	3.9%
Management expenses – cash-based[29]	(2,402)	(2,484)	-3.3%	(7,266)	(7,481)	-2.9%
Management expenses – share-based[30]	(4,726)	(3,791)	24.7%	(13,475)	(11,050)	21.9%
Total operating expenses	**(9,821)**	**(8,888)**	**10.5%**	**(29,521)**	**(26,984)**	**9.4%**
Of which, fund type expense[31]	*(2,597)*	*(2,947)*	*-11.9%*	*(8,681)*	*(9,340)*	*-7.1%*
Of which, management fee type expenses[32]	*(7,224)*	*(5,941)*	*21.6%*	*(20,840)*	*(17,644)*	*18.1%*

[28] Includes expenses such as external audit fees, legal counsel, corporate secretary and other similar administrative costs.
[29] Cash-based management expenses are cash salary and cash bonuses paid/accrued for staff and management compensation.
[30] Share-based management expenses are share salary and share bonus expenses of management and staff.
[31] Fund type expenses include expenses such as audit and valuation fees, fees for legal advisors, Board compensation and corporate secretary costs.
[32] 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 capitalisation. The LTM management fee expense ratio was 3.18% at 30-Sep-22 (1.96%[33] as of 30-Sep-21). The total LTM operating expense ratio (which includes fund type expenses) was 4.57% at 30-Sep-22 (3.00%[33] at 30-Sep-21). The increase in the LTM management fee expense ratio and the total LTM operating expense ratio mainly reflects the movements in GCAP's market capitalisation.

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total investment return was GEL 137.9 million in 3Q22, mainly reflecting the growth in the value of our listed business. In 9M22, total investment return was negative GEL 361.8 million reflecting the decrease in the value of listed and private businesses, as described earlier in this report. We discuss valuation drivers for our businesses on pages 5-7. The performance of each of our private large and investment stage portfolio companies is discussed on pages 14-24.

GCAP's net foreign currency liability balance amounted to c.US$ 139 million (GEL 394 million) at 30-Sep-22. Net foreign currency gain was GEL 12.1 million in 3Q22 and GEL 26.6 million in 9M22. As a result of the movements described above, GCAP's adjusted IFRS *net income* was GEL 162.0 million in 3Q22 (GEL 339.7 million net loss in 9M22).

[33] Ratios are calculated based on period-end market capitalisation due to significant price fluctuations during the respective periods in light of COVID-19 and Russia-Ukraine war.

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 3Q22, 9M22, 3Q21 and 9M21 portfolio company's accounts and respective IFRS numbers are unaudited. We present key IFRS financial highlights, operating metrics and ratios along with the commentary explaining the developments behind the numbers. For the majority of our portfolio companies the fair value of our equity investment is determined by the application of an income approach (DCF) and a market approach (listed peer multiples and precedent transactions). Under the discounted cash flow (DCF) valuation method, fair value is estimated by deriving the present value of the business using reasonable assumptions of expected future cash flows and the terminal value, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the business. Under the market approach, listed peer group earnings multiples are applied to the trailing twelve months (LTM) stand-alone IFRS earnings of the relevant business. As such, the stand-alone IFRS results and developments driving the IFRS earnings of our portfolio companies are key drivers of their valuations within GCAP's financial statements. See "Basis of Presentation" on page 26 for more background.

LARGE PORTFOLIO COMPANIES

Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns a 77% equity interest through GHG[34], 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 business operates a total of 368 pharmacies (of which 359 are in Georgia and 9 are in Armenia) and 10 franchise stores.

3Q22 & 9M22 performance (GEL '000), Retail (pharmacy)[35]

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net	**189,809**	**193,317**	**-1.8%**	**580,711**	**566,134**	**2.6%**
Of which, retail	*148,398*	*145,129*	*2.3%*	*453,015*	*415,581*	*9.0%*
Of which, wholesale	*41,411*	*48,188*	*-14.1%*	*127,696*	*150,553*	*-15.2%*
Gross Profit	**56,461**	**53,035**	**6.5%**	**171,303**	**143,207**	**19.6%**
Gross profit margin	*29.7%*	*27.4%*	*2.3ppts*	*29.5%*	*25.3%*	*4.2ppts*
Operating expenses (ex. IFRS 16)	(38,403)	(32,541)	18.0%	(114,779)	(89,476)	28.3%
EBITDA (ex. IFRS 16)	**18,058**	**20,494**	**-11.9%**	**56,524**	**53,731**	**5.2%**
EBITDA margin, (ex. IFRS 16)	*9.5%*	*10.6%*	*-1.1ppts*	*9.7%*	*9.5%*	*0.2ppts*
Net profit (ex. IFRS 16)	**14,683**	**17,728**	**-17.2%**	**51,205**	**47,278**	**8.3%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (*ex. IFRS 16*)	**19,268**	**26,182**	**-26.4%**	**54,480**	**39,733**	**37.1%**
EBITDA to cash conversion	*106.7%*	*127.8%*	*-21.1ppts*	*96.4%*	*73.9%*	*22.5ppts*
Cash flow used in investing activities[36]	**(8,887)**	**(7,736)**	**14.9%**	**(54,558)**	**(13,363)**	**NMF**
Free cash flow, (ex. IFRS 16)[37]	**15,822**	**22,398**	**-29.4%**	**(3,921)**	**29,067**	**NMF**
Cash flow used in financing activities (*ex. IFRS 16*)	**(5,059)**	**(9,349)**	**-45.9%**	**10,107**	**(25,670)**	**NMF**
BALANCE SHEET HIGHLIGHTS	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change	
Total assets	**545,461**	**532,014**	**2.5%**	**522,814**	**4.3%**	
Of which, cash and bank deposits	63,273	58,230	8.7%	54,616	15.9%	
Of which, securities and loans issued	21,526	14,464	48.8%	20,922	2.9%	
Total liabilities	**496,415**	**480,294**	**3.4%**	**497,954**	**-0.3%**	
Of which, borrowings	131,124	116,126	12.9%	89,844	45.9%	
Of which, lease liabilities	107,110	111,051	-3.5%	104,613	2.4%	
Total equity	**49,046**	**51,720**	**-5.2%**	**24,860**	**97.3%**	

INCOME STATEMENT HIGHLIGHTS

- 3Q22 total revenue (down 1.8%) reflects the recalibration of product prices due to the GEL's appreciation against the basket of foreign currencies (the FX effect is directly transmitted into the pricing as c.70% of the inventory purchases are denominated in foreign currencies).
- The 14.1% decline in the wholesale business line in 3Q22 was due to the continuing gradual transfer of the hospitals business' procurement department from pharma to hospitals (which began in January 2021 and is expected to complete by the end of 2022). This also translated into a reduction in revenue from wholesale in 9M22.
- The growth in retail revenues in both 3Q22 and 9M22 reflects a) continued expansion of the pharmacy chain and franchise stores, b) improvement in the economic activities, partially offset by c) the recalibration of product prices.

[34] In October 2021, GHG signed a share purchase agreement to acquire the then 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. The first tranche of 10% was acquired in 1H22. For details, please see page 12 of our Annual Report 2021.
[35] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[36] Of which - capex of GEL 3.4 million in 3Q22 and GEL 17.2 million in 9M22 (GEL 3.8 million in 3Q21 and GEL 10.7 million in 9M21); acquisition of minority shares of GEL 41.2 million in 9M22.
[37] Calculated by deducting capex and acquisition of minority share from operating cash flows.

  - Retail revenue share in total revenue was 78.2% in 3Q22 and 78.0% in 9M22 (75.1% in 3Q21 and 73.4% in 9M21).
  - Revenue from para-pharmacy, as a percentage of retail revenue, was 37.4% in 3Q22 and 35.7% in 9M22 (35.8% in 3Q21 and 34.7% in 9M21).
- Robust gross profit margins of 29.7% and 29.5% in 3Q22 and 9M22, respectively (up 2.3 ppts and 4.2 ppts y-o-y, respectively), reflect the increased sales of high-margin para-pharmacy products in the retail business line, as well as focus on growing profitable parts of the wholesale business line, notwithstanding the y-o-y revenue reduction.
  - Gross margin growth was supported by increased marketing activities as well as the strong economic recovery compared to 2021, when due to the increased competition and the general macro backdrop business margins were subdued.
- Negative operating leverage (operating expenses up 18.0% in 3Q22 and up 28.3% in 9M22) reflects increases in salary and utility expenditures associated with the openings of new pharmacies and franchise stores in Azerbaijan and Armenia. 9M22 salary expense growth also reflects the base effect impact of the state income tax subsidy for low-salary range employees which was in effect in 1H21 (the subsidy was in place from May 2020 - June 2021).
- EBITDA margin stood at 9.5% in 3Q22 (down 1.1 ppts y-o-y) and 9.7% in 9M22 (up 0.2 ppts y-o-y). Excluding the impact of the state income tax subsidy in 2021, the EBITDA margin (excl. IFRS 16) was up 0.7 ppts in 9M22, y-o-y.
- Interest expense was down 64.3% in 3Q22 and down 47.1% in 9M22 y-o-y, due to the lower average net debt balance (excl. IFRS 16) during respective periods.
- Overall, the business posted GEL 14.7 million net profit excluding IFRS 16 in 3Q22 and GEL 51.2 million in 9M22, which also reflects one-off costs associated with the termination of contracts due to changes in management.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Q-o-q increase in net debt, up 6.7% to GEL 46.3 million, reflects the dividend payment of GEL 16.0 million to GCAP in 3Q22. Apart from the dividend payment, the y-o-y increase in net debt balance, up 25.3%, is also attributable to the payment of GEL 41.2 million to complete the buyout of a 10% minority stake (described in footnote 34 on the previous page).
- Strong cash flow from operating activities, with a 106.7% EBITDA to cash conversion ratio in 3Q22 and 96.4% in 9M22. A 21.1 ppts y-o-y decrease in the EBITDA to cash conversion ratio in 3Q22 reflects the higher base effect of strong revenue growth in 3Q21 (up 21.1% y-o-y), resulting from the rebound in economic activities following the removal of lock-down related restrictions.
- Increased cash outflows from investing activities in 9M22 reflect a) the payment to minorities to buyout a 10% minority share, b) increased capex investments attributable to the implementation of a new core IT system for improved inventory management (GEL 5.2 million in 9M22), c) launch of new projects, such as new large-scale pharmacies, The Body Shop franchise stores in Armenia and Azerbaijan, and d) regular expansion of the chain in Georgia.
- The increase in cash flow from financing activities in 9M22 is also attributable to the sourcing of the new loan facility to finance the scheduled buyout of minority shareholders.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Added 27 pharmacies and 4 franchise stores over the last 12 months.

	Sep-22	**Jun-22**	***Change (q-o-q)***	**Sep-21**	***Change (y-o-y)***
Number of pharmacies	**368**	**366**	***2***	**341**	***27***
Of which, Georgia	*359*	*358*	*1*	*337*	*22*
Of which, Armenia	*9*	*8*	*1*	*4*	*5*
Number of franchise stores	**10**	**8**	***2***	**6**	***4***
Of which, Georgia	*7*	*6*	*1*	*6*	*1*
Of which, Armenia	*2*	*2*	*-*	*-*	*2*
Of which, Azerbaijan	*1*	*-*	*1*	*-*	*1*

- Retail (Pharmacy)'s key operating performance highlights for 3Q22 and 9M22 are noted below:

	3Q22	**3Q21**	**Change**	**9M22**	**9M21**	**Change**
Same store revenue growth	*-3.1%*	*14.8%*	*-17.9ppts*	*2.2%*	*10.6%*	*-8.4 ppts*
Number of bills issued (mln)	*7.5*	*7.4*	*1.6%*	*22.5*	*21.1*	*6.7%*
Average bill size (GEL)	*18.8*	*18.5*	*1.7%*	*19.1*	*18.5*	*3.3%*

- The y-o-y decrease in the same store revenue growth rates in 3Q22 and 9M22 is attributable to GEL's appreciation against foreign currencies.

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.

3Q22 & 9M22 performance (GEL '000), Hospitals[38]

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net[39]	**66,580**	**81,256**	**-18.1%**	**216,137**	**233,005**	**-7.2%**
Gross Profit	**22,834**	**30,472**	**-25.1%**	**77,187**	**93,012**	**-17.0%**
Gross profit margin	*33.9%*	*37.0%*	*-3.1ppts*	*35.2%*	*39.5%*	*-4.3ppts*
Operating expenses (ex. IFRS 16)	(12,893)	(12,433)	3.7%	(38,698)	(35,954)	7.6%
EBITDA (ex. IFRS 16)	**9,941**	**18,039**	**-44.9%**	**38,489**	**57,058**	**-32.5%**
EBITDA margin (ex. IFRS 16)	*14.8%*	*21.9%*	*-7.1ppts*	*17.5%*	*24.2%*	*-6.7ppts*
Net (loss) / profit (ex. IFRS 16) [40]	**(3,497)**	**5,188**	**NMF**	**1,287**	**22,344**	**-94.2%**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**3,768**	**22,927**	**-83.6%**	**18,384**	**41,728**	**-55.9%**
EBITDA to cash conversion (ex. IFRS 16)	*37.9%*	*127.1%*	*-89.2ppts*	*47.8%*	*73.1%*	*-25.3ppts*
Cash flow used in investing activities[41]	**(4,870)**	**(10,275)**	**-52.6%**	**(3,557)**	**(24,458)**	**-85.5%**
Free cash flow (ex. IFRS 16)[42]	**(1,650)**	**10,372**	**NMF**	**12,598**	**12,030**	**4.7%**
Dividends and intersegment loans issued/received	**(2,052)**	**13,192**	**NMF**	**(1,053)**	**31,633**	**NMF**
Cash flow from financing activities (ex. IFRS 16)	**6,737**	**(48,429)**	**NMF**	**(39,163)**	**(93,086)**	**-57.9%**

BALANCE SHEET HIGHLIGHTS	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change
Total assets	**612,987**	**610,602**	**0.4%**	**658,071**	**-6.9%**
Of which, cash balance and bank deposits	19,048	15,958	19.4%	46,131	-58.7%
Of which, securities and loans issued	12,125	11,120	9.0%	11,678	3.8%
Total liabilities	**266,657**	**247,151**	**7.9%**	**293,428**	**-9.1%**
Of which, borrowings	203,879	185,298	10.0%	223,433	-8.8%
Total equity	**346,330**	**363,451**	**-4.7%**	**364,643**	**-5.0%**

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. 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, the Government suspended the COVID contracts with hospitals in mid-March 2022. Restructuring the cost base of COVID hospitals, and phasing out from Government contracts, has temporarily suppressed the business margins in 2022. The business expects to return to normal operating levels starting from 2023.

INCOME STATEMENT HIGHLIGHTS

- After coming out from the COVID period, 3Q22 revenue was down 18.1% y-o-y (down 7.2% y-o-y in 9M22), reflecting a decrease in the number of admissions and occupancy rate. After a transition period, the business expects a return to normal operating levels, starting from 2023.
- 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[43]:
  - Developing its own procurement department for hospitals coupled with phasing out of COVID, translated into an improved materials rate of 17.7% in 3Q22 (21.3% in 3Q21) and 18.7% in 9M22 (20.9% in 9M21).
  - Due to the suspension of COVID hospitals' contracts in March and the related decrease in revenue (a significant portion of direct salaries are fixed), the direct salary rate was up 5.8 ppts y-o-y to 38.5% in 3Q22. Apart from this, a lower base effect resulting from the state income tax subsidy for low salary range employees in effect during 1H21, translated into an increased direct salary rate, up 5.2 ppts to 36.2% in 9M22, y-o-y. After restructuring the COVID hospitals to a normal operating level, the salary rate is expected to stabilise over the next few quarters.
  - Utilities and other costs were up in 2022, resulting from inflation pressures, such as increased utility prices and increased fuel prices.
- As a result, the gross margins were down 3.1 ppts and 4.3 ppts in 3Q22 and 9M22 y-o-y, respectively. Adjusted for the impact of the state income tax subsidy, the gross profit margin was down 2.8 ppts in 9M22 y-o-y.
- Negative operating leverage further reflects the increases in the general and administrative expenses (excl. IFRS 16), up 15.1% in 3Q22 and up 25.4% in 9M22 y-o-y, mainly resulting from increased marketing costs due to the promotion of the new products and services, launched to support the transition to the post-covid environment.

[38] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[39] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.
[40] 9M22 net profit is adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.
[41] Of which - capex of GEL 5.4 million in 3Q22 and GEL 14.5 million in 9M22 (GEL 6.7 million in 3Q21 and GEL 17.6 million in 9M21); payment of holdback of GEL 5.8 million in 3Q21 and GEL 12.1 million in 9M21; and proceeds from sale of PPE/subsidiary of GEL 8.7 million in 9M22.
[42] Operating cash flows less capex, less acquisition of subsidiaries / payment of holdback, plus net proceeds on sale of PPE/subsidiary.
[43] The respective costs divided by gross revenues.

- The developments described above resulted in the reduced EBITDA (excl. IFRS 16) and EBITDA margins (down 7.1 ppts in 3Q22 and down 6.7 ppts in 9M22 y-o-y). Reduced EBITDA margins (excl. IFRS 16), also reflect the base effect of the state income tax subsidy in 9M21 (GEL c.3.5 million impact); Excluding the impact of state income tax subsidy, EBITDA margin (excl. IFRS 16) was down by 5.2 ppts in 9M22, y-o-y.
- Increased interest rates (NBG refinancing rate up 1.0 ppts in the last twelve months) led to an increase in net interest expense (excl. IFRS 16) in 3Q22 and 9M22, up by 16.7% and by 15.6% y-o-y, respectively.
- Overall, the business posted a GEL 3.5 million net loss excluding IFRS 16 in 3Q22 and GEL 1.3 million[44] net profit in 9M22, which also reflects one-off costs associated with the termination of contracts due to changes in management.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Cash flow from operating activities (excl. IFRS 16) was down in 2022, due to the phasing out of Government COVID programmes, the payment term of which was payable within a month of origination, while the universal healthcare coverage ("UHC") collection period is around four months. The transition period led to weaker cash collections in 3Q22 and 9M22, with a 37.9% and 47.8% EBITDA to cash conversion rate (excl. IFRS 16), respectively, which is anticipated to recover over the coming quarters.
- Capex investment was GEL 5.4 million in 3Q22 and GEL 14.5 million in 9M22, mainly reflecting maintenance capex.
- Net debt was at GEL 172.7 million as of 30-Sep-22 (up 9.2% q-o-q), reflecting a GEL 13.1 million dividend payment to GCAP in 3Q22.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- To streamline the state funding financing in healthcare and improve the reimbursement process, the Georgian Government introduced an initiative to implement Diagnosis Related Group (DRG) financing system. The DRG system categorises inpatient case types that are clinically similar and expected to use the same or similar resources into groups by applying various criteria (age, sex, intervention needed, comorbidity, etc.). The rollout of the DRG system started on 1-Nov-22 and will be in a testing phase until 1-Jan-23. While it is too early to estimate its impact on the financial performance of our hospitals business, the implementation of the DRG system is being implemented to increase the efficiency of state financing and improve the quality of healthcare service on the market. The system is expected to better reflect inflation and other price pressures that are present in the healthcare sector.
- The suspension of government contracts also translated into a reduction in occupancy rates and the number of admissions. The business key operating performance highlights for 3Q22 and 9M22 are noted below:

	3Q22	3Q21	Change	9M22	9M21	Change
Occupancy rate	*43.6%*	*67.7%*	*-24.1 ppts*	*52.1%*	*63.8%*	*-11.7 ppts*
Number of admissions (thousands)	*287.5*	*426.7*	*-32.6%*	*903.9*	*976.7*	*-7.4%*

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 26.0% market share in property and casualty insurance based on gross premiums as of 30-Jun-22. P&C also offers a variety of non-property and casualty products, such as life insurance. Medical is the country's largest private health insurer, with a 22.5% market share based on FY21 net insurance premiums. Medical Insurance offers a variety of health insurance products primarily to corporate and (selectively) to state entities and also to retail clients in Georgia. GCAP owns a 100% equity stake in both insurance businesses.

3Q22 & 9M22 performance (GEL'000), Insurance (P&C and Medical)[45]

INCOME STATEMENT HIGHLIGHTS	**3Q22**	**3Q21**	**Change**	**9M22**	**9M21**	**Change**
Earned premiums, net	46,677	41,519	12.4%	128,141	116,196	10.3%
Net underwriting profit	15,834	13,111	20.8%	37,921	33,563	13.0%
Net investment profit	2,524	2,044	23.5%	6,517	7,017	-7.1%
Net profit	8,864	6,522	35.9%	17,970	16,268	10.5%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	12,452	9,100	36.8%	27,585	19,190	43.7%
Free cash flow	**11,687**	**8,312**	**40.6%**	**25,404**	**17,384**	**46.1%**
BALANCE SHEET HIGHLIGHTS	**30-Sep-22**	**30-Jun-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	304,286	297,154	2.4%	267,627	13.7%	
Total equity	122,299	114,581	6.7%	116,464	5.0%	

[44] 9M22 net profit is adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.
[45] The detailed IFRS financial statements are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.

TOTAL INSURANCE BUSINESS HIGHLIGHTS

P&C and medical insurance have a broadly equal share in total revenues, while the combined net profit in 3Q22 and 9M22 was mainly attributable to P&C (74.1% and 86.0% share in total net profit in 3Q22 and 9M22, respectively). The loss ratio was down by 4.0 ppts and the expense ratio was up by 1.5 ppts y-o-y in 3Q22 (down 1.9 ppts and up 1.5 ppts y-o-y in 9M22, respectively), translating into 2.4 ppts y-o-y decrease in the combined ratio (down 0.4 ppts y-o-y in 9M22). As a result, ROAE[46] was 33.3% in 3Q22 (25.8% in 3Q21) and 23.2% in 9M22 (21.2% in 9M21).

Discussion of results, P&C Insurance

GEL '000

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Earned premiums, net	27,273	22,631	20.5%	73,256	62,112	17.9%
Net underwriting profit	11,542	9,146	26.2%	29,941	24,478	22.3%
Net investment profit	1,554	1,306	19.0%	3,671	4,866	-24.6%
Net profit	6,568	4,741	38.5%	15,454	13,088	18.1%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	9,976	7,573	31.7%	26,048	16,637	56.6%
Free cash flow	**9,462**	**6,827**	**38.6%**	**24,482**	**15,040**	**62.8%**
BALANCE SHEET HIGHLIGHTS	**30-Sep-22**	**30-Jun-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	208,365	199,155	4.6%	188,805	10.4%	
Total equity	87,689	81,316	7.8%	84,234	4.1%	

INCOME STATEMENT HIGHLIGHTS

- Increased earned premiums net in 3Q22 and 9M22 reflect the combination of factors.
  - Credit life insurance revenues up by GEL 2.0 million y-o-y in 3Q22 (up by GEL 5.0 million y-o-y in 9M22), resulting from the growth in the mortgage, consumer loan, and other portfolios by banks.
  - Credit unemployment insurance revenues up by GEL 0.5 million y-o-y in 3Q22 (up by GEL 1.8 million y-o-y in 9M22), also attributable to the growth in the banking sector.
  - Agricultural insurance revenues up by GEL 1.6 million y-o-y in 3Q22 (up by GEL 2.3 million y-o-y in 9M22), driven by doubled Agro insurance gross premiums written, up from GEL 6 million in 9M21 to GEL 12 million in 9M22. Strong performance and market share growth in Agro insurance were due to the competitors' difficulties in obtaining reinsurance approvals and general lack of expertise in claims settlement.
  - Border MTPL revenues increased by GEL 0.8 million y-o-y in 3Q22 (up by GEL 1.3 million y-o-y in 9M22), reflecting the direct impact of migration and the significant recovery in tourism. Border MTPL revenues equalled 101% of the 3Q19 level and 95% of the 9M19 level.
- P&C Insurance's key performance ratios for 3Q22 and 9M22 are noted below:

Key Ratios	3Q22	3Q21	*Change*	9M22	9M21	*Change*
Combined	77.5%	80.2%	*-2.7 ppts*	79.7%	81.3%	*-1.6 ppts*
Expense	33.0%	31.7%	*1.3 ppts*	33.4%	32.2%	*1.2 ppts*
Loss ratio	44.5%	48.4%	*-3.9 ppts*	46.3%	49.1%	*-2.8 ppts*
ROAE[46]	36.5%	26.9%	*9.6 ppts*	29.3%	24.4%	*4.9 ppts*

- The combined ratio decreased by 2.7 ppts y-o-y in 3Q22 (down by 1.6 ppts y-o-y in 9M22).
  - Improvement in loss ratios for the respective periods reflect:
    - Robust revenue growth, as described above.
    - Reduction in COVID-19-related credit life insurance claims. The volume of COVID-19-related credit life insurance claims incurred in 3Q22 and 9M22 amounted to GEL 0.1 million (GEL 0.9 million in 3Q21) and GEL 1.1 million (GEL 3.4 million in 9M21), respectively, and represented 3% and 11% of total life insurance claims (26% in 3Q21 and 34% in 9M21).
    - Exceptionally low Agro insurance claims in 3Q22 and 9M22, due to favourable environmental conditions during 2022, which, together with the boost in Agricultural revenues, translated into a lower Agro loss ratio of 5.6% in 3Q22 and 10.2% in 9M22 (21.9% in 3Q21 and 26.9% in 9M21).
    - Revised underwriting practices, in particular improved price segmentation in the retail Motor insurance portfolio.
  - An increase in the 3Q22 and 9M22 expense ratios predominantly resulted from the increase in salary and other operating expenditures reflecting inflation and business growth.

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

- P&C Insurance's net investment profit was up by 19.0% y-o-y in 3Q22, reflecting the direct impact of the increase in global interest rates coupled with a higher average liquid funds balance. Net investment profit was down 24.6% y-o-y in 9M22, resulting from the unrealized losses on investments placed in publicly traded debt securities.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- P&C Insurance's solvency ratio was 192% as of 30 September 2022, significantly above the required minimum of 100%.
- The operating cash flow increase in 3Q22 and 9M22 is mainly associated with higher underwriting cash flows of the business, as well as the time gap between cash inflows on Agro insurance premiums and respective cash outflows to reimburse the reinsurer's share in Agro.
- GEL 7.4 million dividends were paid to GCAP in 9M22 on the back of strong operating performance.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- With its 26.0% market share in the local insurance market, P&C remained the largest market player, although market share was down by 4.2 ppts y-o-y due to management's decision to decline participations in certain Government-announced insurance services tenders, which are historically characterised by high loss ratios.

Discussion of results, Medical Insurance

GEL '000

INCOME STATEMENT HIGHLIGHTS	**3Q22**	**3Q21**	**Change**	**9M22**	**9M21**	**Change**
Earned premiums, net	19,404	18,888	2.7%	54,885	54,084	1.5%
Net underwriting profit	4,292	3,965	8.2%	7,980	9,085	-12.2%
Net investment profit	970	738	31.4%	2,846	2,151	32.3%
Net profit	2,296	1,781	28.9%	2,516	3,180	-20.9%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	2,476	1,527	62.1%	1,537	2,553	-39.8%
Free cash flow	**2,225**	**1,485**	**49.8%**	**922**	**2,344**	**-60.7%**
BALANCE SHEET HIGHLIGHTS	**30-Sep-22**	**30-Jun-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	95,921	97,999	-2.1%	78,822	21.7%	
Total equity	34,610	33,265	4.0%	32,230	7.4%	

INCOME STATEMENT HIGHLIGHTS

- The modest 2.7% y-o-y increase in 2022 earned premiums net, reflects the combined effect of an increase in the price of insurance policies (c.5%) and a decrease in the number of insured clients for the same period.
- In 9M22, the net claims expenses were GEL 44.3 million (up 3.9% y-o-y), of which GEL 19.4 million (43.7% of total) was inpatient, GEL 16.1 million (36.4% of total) was outpatient and GEL 8.8 million (19.9% of total) was related to pharmaceuticals.
- The loss ratio was down 1.5 ppts y-o-y in 3Q22, reflecting the reduced traffic for COVID services at the healthcare facilities. 9M22 loss ratio was up 1.9 ppts y-o-y to 80.6% resulting from increased claims incurred in 1H22.
- As a result, the combined ratio was down 1.0 ppts to 90.7% for the quarter and up 2.8 ppts to 99.2% for the 9M22, y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Improvements in combined ratio led to a 62.1% y-o-y increase in the operating cash flow in 3Q22 (down 39.8% y-o-y in 9M22).

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

The number of insured clients was c.160,000 as of 30-Sep-22, down 4.9% y-o-y, reflecting price increases for insurance policies implemented by the business. The business remains the largest medical insurer on the market with a 22.5% market share based on FY21 net insurance premiums. The insurance renewal rate was up 6.2 ppts to 85.0% in 3Q22 and down 2.6 ppts to 75.6% in 9M22.

INVESTMENT STAGE PORTFOLIO COMPANIES

Discussion of Renewable Energy Business Results

The renewable energy business operates three wholly-owned commissioned renewable assets: 30MW Mestiachala HPP, 20MW Hydrolea HPPs and 21MW Qartli wind farm. In addition, a pipeline of up to 172MW renewable energy projects is in varying stages of development. The renewable energy business is 100% owned by Georgia Capital. As electricity sales in Georgia is a dollar business, the financial data below is presented in US$.

3Q22 & 9M22 performance (US$ '000), Renewable Energy[47]

INCOME STATEMENT HIGHLIGHTS (US$)	3Q22	3Q21	Change	9M22	9M21	Change
Revenue	**5,356**	**4,322**	**23.9%**	**11,740**	**10,486**	**12.0%**
Of which, PPA	*2,638*	*2,230*	*18.3%*	*6,374*	*6,636*	*-3.9%*
Of which, Non-PPA	*2,718*	*1,898*	*43.2%*	*5,366*	*3,656*	*46.8%*
Of which, BI Reimbursement	*-*	*194*	*NMF*	*-*	*194*	*NMF*
Operating expenses	(824)	(846)	-2.6%	(2,471)	(2,524)	-2.1%
EBITDA	**4,532**	**3,476**	**30.4%**	**9,269**	**7,962**	**16.4%**
EBITDA margin	*84.6%*	*80.4%*	*4.2ppts*	*79.0%*	*75.9%*	*3.1ppts*
Net profit/(loss)[48]	**1,345**	**1,391**	**-3.3%**	**(1,430)**	**76**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities	**4,313**	**3,327**	**29.6%**	**8,042**	**6,323**	**27.2%**
Cash flow from investing activities	**2,515**	**798**	**NMF**	**263**	**(4,070)**	**NMF**
Cash flow used in financing activities	**(8,331)**	**(4,915)**	**69.5%**	**(15,628)**	**(10,430)**	**49.8%**
Dividends paid out	*(700)*	*(1,601)*	*-56.3%*	*(2,101)*	*(4,487)*	*-53.2%*
BALANCE SHEET HIGHLIGHTS	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change	
Total assets	**120,573**	**125,038**	**-3.6%**	**131,047**	**-8.0%**	
Of which, cash balance	*5,852*	*7,212*	*-18.9%*	*13,074*	*-55.2%*	
Total liabilities	**94,078**	**99,022**	**-5.0%**	**101,520**	**-7.3%**	
Of which, borrowings	*90,960*	*96,259*	*-5.5%*	*98,636*	*-7.8%*	
Total equity	**26,495**	**26,016**	**1.8%**	**29,527**	**-10.3%**	

INCOME STATEMENT HIGHLIGHTS (GEL)	3Q22	3Q21	Change	9M22	9M21	Change
Revenue	**15,176**	**13,490**	**12.5%**	**34,420**	**33,922**	**1.5%**
EBITDA	**12,840**	**10,849**	**18.4%**	**27,067**	**25,711**	**5.3%**

INCOME STATEMENT HIGHLIGHTS

- Revenues in US$ term were up in 3Q22 and 9M22.
  - The average electricity selling price was up 8.8% y-o-y to 54.3 US$/MWh in 3Q22 (up 9.3% y-o-y to 53.1 US$/MWh in 9M22)
  - The average market selling price (excluding PPAs) reached 49.1 US$/MWh in 3Q22, up by 18.8% y-o-y (45.7 US$/MWh in 9M22, up by 29.1% y-o-y)
  - 19.1% and 4.4% y-o-y increases in 3Q22 and 9M22 electricity generation, respectively, were related to the favourable weather conditions for hydro and wind power plants in 9M22. The average efficiency rate stood at c.63% and c.47% in 3Q22 and 9M22, respectively.
- Approximately 49% of electricity sales during 3Q22 (c.55% in 9M22) were covered by long-term fixed-price power purchase agreements (PPAs) formed with a Government-backed entity.

Revenue and generation breakdown by power assets:

	3Q22				9M22			
US$ '000, unless otherwise noted	**Revenue from electricity sales**	***Change y-o-y***	**Electricity generation (MWh)**	***Change y-o-y***	**Revenue from electricity sales**	***Change y-o-y***	**Electricity generation (MWh)**	***Change y-o-y***
30MW Mestiachala HPP	2,984	*24.9%*	58,569	*11.7%*	4,508	*18.5%*	93,958	*0.2%*
21MW Qartli wind farm	1,620	*30.8%*	24,921	*30.7%*	4,193	*3.5%*	64,507	*3.5%*
20MW Hydrolea HPPs	752	*50.4%*	15,195	*33.8%*	3,040	*24.6%*	62,718	*12.4%*
Total	**5,356**	***29.8%***	**98,685**	***19.1%***	**11,740**	***14.1%***	**221,182**	***4.4%***

- Operating expenses remained largely flat, down 2.6% y-o-y in 3Q22 (down 2.1% y-o-y in 9M22).
- As a result, in US$ terms, 3Q22 EBITDA increased by 30.4% y-o-y (up 16.4% y-o-y in 9M22).
- In GEL terms, 3Q22 revenue and EBITDA were up by 12.5% and 18.4% y-o-y, respectively (up by 1.5% and 5.3% y-o-y in 9M22), reflecting GEL's appreciation against US$.

[47] The detailed IFRS financial statements (in both US$ and GEL) are included in supplementary excel file, available at https://georgiacapital.ge/ir/financial-results.
[48] 3Q21 and 9M21 net profit/(loss) includes GEL 2.4 million gain from the sale of the project rights of pre-construction "Bakhvi 2" HPP.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- A y-o-y increase in 3Q22 and 9M22 operating cash flow was related to the improved generation levels of power assets in the Jun-Aug and Dec-Aug periods, respectively, reflecting better environmental conditions throughout 2022.
- A y-o-y increase in investing cash inflows was mainly related to the sale of the financial securities, previously held for liquidity management purposes.
- In 3Q22, the business refinanced its borrowings, leading to a US$ 3.4 million and US$ 5.2 million y-o-y increase in net cash outflows from the financing activities in 3Q22 and 9M22, respectively,
- Renewable Energy made a dividend distribution of US$ 0.7 million in 3Q22 (US$ 2.1 million in 9M22). As a result, the cash balance of the business was down to US$ 5.9 million as of 30-Sep-22.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- In October 2022, the renewable energy business successfully closed a US$ 80 million green secured bond offering. The notes are US$-denominated with 5-year bullet maturity (callable after two years) and carry a 7.00% coupon (75 bps improvement compared to the previous notes issued by the business). The proceeds from the transaction were fully used to refinance the shareholder loan from GCAP. The issuance represents the first-ever green secured bond placement and the largest corporate transaction on the Georgian capital market.

Discussion of Education Business Results

Our education business currently combines majority stakes in four private school brands operating across five 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 and Green School (80%-90% ownership), well-positioned in the affordable segment.

3Q22 & 9M22 performance (GEL '000), Education[49]

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue	**6,747**	**3,359**	**100.9%**	**28,901**	**19,599**	**47.5%**
Operating expenses	(6,963)	(4,655)	49.6%	(20,328)	(14,411)	41.1%
EBITDA	**(216)**	**(1,296)**	**83.3%**	**8,573**	**5,188**	**65.2%**
EBITDA Margin	*-3.2%*	*-38.6%*	35.4 ppts	*29.7%*	*26.5%*	3.2 ppts
Net (loss)/income	**(1,042)**	**(2,310)**	**54.9%**	**7,437**	**3,479**	**113.8%**
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	4,889	3,658	33.7%	15,406	11,237	37.1%
Net cash flows used in investing activities	(8,171)	(7,309)	11.8%	(16,372)	(19,154)	-14.5%
Net cash flows from financing activities	3,398	4,870	-30.2%	6,025	11,742	-48.7%
BALANCE SHEET HIGHLIGHTS	**30-Sep-22**	**30-Jun-22**	**Change**	**31-Dec-21**	**Change**	
Total assets	**157,833**	**151,303**	**4.3%**	**138,080**	**14.3%**	
Of which, cash	13,219	13,503	-2.1%	9,096	45.3%	
Total liabilities	**57,978**	**54,930**	**5.5%**	**51,764**	**12.0%**	
Of which, borrowings	22,750	25,288	-10.0%	25,585	-11.1%	
Total equity	**99,855**	**96,373**	**3.6%**	**86,316**	**15.7%**	

In 3Q22, the education business increased its capacity by 590 learners to 5,650 learners by expanding the operational campuses of Buckswood (additional 240 learner capacity) and British-Georgian Academy (additional 350 learner capacity). Since the commencement of the expansion programme in Education in 3Q21, the business added 2,840 learner capacity, in line with Georgia Capital's capital allocation outlook.

The 2022-2023 academic year has started with a significant increase in the total number of learners as the business transitioned to post-COVID environment. In total, 966 learners were added (up by 30.7% y-o-y to 4,116 learners as of 30-Sep-22), where growth in 1st grader intakes was 272 learners (up by 98.5% y-o-y), growth of intakes in the kindergartens and pre-schools was 248 learners (up by 2.4x y-o-y) and growth in the number of 2-to-12 graders was 446 learners (up 16.6% y-o-y).

INCOME STATEMENT HIGHLIGHTS

- Strong intakes and a ramp-up of the utilization, as stated above, led to a 100.9% and 47.5% y-o-y increase in revenue in 3Q22 and 9M22, respectively, in line with both the organic growth and expansion of the business.
- Operating expenses were up by 49.6% y-o-y in 3Q22 (up 41.1% y-o-y in 9M22), due to the increased salary, catering and utility expenses, in line with the expansion of the business and inflation. The growth of the operating expenses in 9M22 also reflects a higher number of learning days compared to 9M21.

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

- The third quarter is usually a slow season for the education business, as the schools are not operational during the July-August holidays. However, as a result of the strong start of the 2022-2023 academic year, the business demonstrated robust EBITDA growth, up by 83.3% y-o-y in 3Q22 and up 65.2% y-o-y in 9M22.
- The business posted GEL 7.4 million net income in 9M22, up 113.8% y-o-y (GEL 1.0 million net loss in 3Q22, up by 54.9% y-o-y), reflecting the strong operating performance, which was partially supported by the FX gains on the borrowings denominated in foreign currencies.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Strong cash collection rates (at 60.8% as of 30-Sep-22, largely at last year's level of 62.7%), combined with enhanced revenue streams, led to a 33.7% and 37.1% y-o-y increase in operating cash flow generation of the business in 3Q22 and 9M22, respectively.
- A GEL 16.4 million cash outflow on investing activities in 9M22 reflects investments in the capacity expansion of the campuses described above. Construction works were completed before the start of the 2022-2023 academic year.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- In September 2022, BGA (premium segment) successfully completed the authorization stage, required for switching to the International Baccalaureate (IB) and Cambridge Education programmes. With this switch, BGA's offering of international curriculums/programs will be more tailored towards existing demand on the market. Cambridge Education and IB programmes are global leaders in international education, offering high-quality educational programmes.
- The utilisation rate for the total 5,650 learner capacity was 72.8%, up 10.6 ppts y-o-y as of 30-Sep-22.
  - The utilisation rate for the pre-expansion 2,810 learner capacity (i.e., excluding the new capacity addition of 2,840 learners since 3Q21) was 100%, up by 5.4 ppts y-o-y as of 30-Sep-22.
  - The utilisation of the added capacity of 2,840 learners was 46.0% as of 30-Sep-22.

Discussion of Clinics and Diagnostics Business Results

The clinics and diagnostics business, where GCAP owns a 100% equity interest through GHG, is the second largest healthcare market participant in Georgia after our hospitals business. The business comprises two segments: 1) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient services); 17 polyclinics (providing outpatient diagnostic and treatment services) and 17 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – "Mega Lab".

3Q22 & 9M22 performance (GEL '000), Clinics and Diagnostics[50]

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net[51]	**17,663**	**25,285**	**-30.1%**	**61,386**	**67,545**	**-9.1%**
Of which, clinics	*14,443*	*18,077*	*-20.1%*	*49,238*	*49,996*	*-1.5%*
Of which, diagnostics	*4,459*	*8,807*	*-49.4%*	*16,224*	*21,999*	*-26.3%*
Of which, inter-business eliminations	*(1,239)*	*(1,599)*	*-22.5%*	*(4,076)*	*(4,450)*	*-8.4%*
Gross Profit	**6,946**	**11,510**	**-39.7%**	**24,945**	**31,340**	**-20.4%**
Gross profit margin	*39.1%*	*45.3%*	*-6.2ppts*	*40.5%*	*46.1%*	*-5.6ppts*
Operating expenses (ex. IFRS 16)	(5,663)	(5,526)	2.5%	(16,643)	(15,079)	10.4%
EBITDA (ex. IFRS 16)	**1,283**	**5,984**	**-78.6%**	**8,302**	**16,261**	**-48.9%**
EBITDA margin (ex. IFRS 16)	*7.2%*	*23.5%*	*-16.3ppts*	*13.5%*	*23.9%*	*-10.5ppts*
Net (loss)/profit (ex. IFRS 16)	**(1,333)**	**2,753**	**NMF**	**(981)**	**7,064**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**1,731**	**7,844**	**-77.9%**	**4,518**	**11,925**	**-62.1%**
EBITDA to cash conversion (ex. IFRS 16)	*134.9%*	*131.1%*	*3.8ppts*	*54.4%*	*73.3%*	*-18.9ppts*
Cash flow used in investing activities	**(1,675)**	**(2,076)**	**-19.3%**	**(8,116)**	**(5,975)**	**35.8%**
Free cash flow (ex. IFRS 16)[52]	**73**	**6,096**	**-98.8%**	**(3,565)**	**6,358**	**NMF**
Cash flow used in financing activities (ex. IFRS 16)	**(50)**	**721**	**NMF**	**(954)**	**(2,262)**	**-57.8%**
BALANCE SHEET HIGHLIGHTS	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change	
Total assets	**186,461**	**187,735**	**-0.7%**	**178,592**	**4.4%**	
Of which, cash balance and bank deposits	1,729	1,719	0.6%	6,292	-72.5%	
Of which, securities and loans issued	3,493	3,564	-2.0%	3,699	-5.6%	
Total liabilities	**86,839**	**88,211**	**-1.6%**	**80,613**	**7.7%**	
Of which, borrowings	54,593	55,265	-1.2%	50,854	7.4%	
Total equity	**99,622**	**99,524**	**0.1%**	**97,979**	**1.7%**	

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

Discussion of results, Clinics

The clinics business was 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 and revenue. These are expected to get back to normal operating levels starting from 2023.

GEL '000

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net[53]	**14,443**	**18,077**	**-20.1%**	**49,238**	**49,996**	**-1.5%**
Of which, polyclinics	*9,462*	*9,424*	*0.4%*	*30,349*	*27,206*	*11.6%*
Of which, community clinics	*4,981*	*8,653*	*-42.4%*	*18,889*	*22,790*	*-17.1%*
Gross Profit	**6,068**	**8,046**	**-24.6%**	**21,008**	**22,688**	**-7.4%**
Gross profit margin	*41.7%*	*44.2%*	*-2.5ppts*	*42.4%*	*45.0%*	*-2.6ppts*
Operating expenses (ex. IFRS 16)	(4,777)	(4,327)	10.4%	(13,658)	(12,181)	12.1%
EBITDA (ex. IFRS 16)	**1,291**	**3,719**	**-65.3%**	**7,350**	**10,507**	**-30.0%**
EBITDA margin (ex. IFRS 16)	*8.9%*	*20.4%*	*-11.5ppts*	*14.8%*	*20.9%*	*-6.1ppts*
Net (loss)/profit (ex. IFRS 16)	**(985)**	**863**	**NMF**	**(961)**	**2,361**	**NMF**
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	**1,802**	**3,476**	**-48.2%**	**5,371**	**8,886**	**-39.6%**
EBITDA to cash conversion (ex. IFRS 16)	*139.6%*	*93.5%*	*46.1ppts*	*73.1%*	*84.6%*	*-11.5ppts*
Cash flow used in investing activities[54]	**(1,597)**	**(1,412)**	**13.1%**	**(7,428)**	**(4,320)**	**71.9%**
Free cash flow (ex. IFRS 16)[55]	**236**	**1,932**	**-87.8%**	**(1,973)**	**4,307**	**NMF**
Cash flow from financing activities (ex. IFRS 16)	**287**	**2,691**	**-89.3%**	**30**	**(252)**	**NMF**

BALANCE SHEET HIGHLIGHTS	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change
Total assets	**159,682**	**160,024**	**-0.2%**	**147,368**	**8.4%**
Of which, cash balance and bank deposits	1,110	613	81.1%	3,149	-64.8%
Of which, securities and loans issued	3,759	3,823	-1.7%	3,947	-4.8%
Total liabilities	**79,513**	**80,702**	**-1.5%**	**69,387**	**14.6%**
Of which, borrowings	50,818	51,228	-0.8%	46,417	9.5%
Total equity	**80,169**	**79,322**	**1.1%**	**77,981**	**2.8%**

INCOME STATEMENT HIGHLIGHTS

- 3Q22 revenues of the polyclinics remained largely flat y-o-y, reflecting the net impact of a) an 85.4% y-o-y decrease in COVID-related revenues, and b) a 22.1% y-o-y increase in the revenues from non-COVID, regular ambulatory services, resulting from the expansion of the business (adding two new polyclinics in 1H22). 9M22 revenues from polyclinics were up 11.6% y-o-y, reflecting a 20.7% increase in revenues from non-COVID services, partially offset by a 34.7% decrease from COVID-related services.
- A 42.4% y-o-y decrease in 3Q22 revenues of the community clinics reflects a 96.4% y-o-y decrease in the COVD-related revenues, partially offset by a 22.1% y-o-y increase in revenues from non-COVID services. 9M22 revenues were down by 17.1% y-o-y. The top-line growth is expected to rebound starting from 2023, as the business passes through the COVID transition period.
- 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[56].
  - The transition from COVID was reflected in the improved materials rate (COVID treatments have a high materials rate) at 7.4% in 3Q22 (10.5% in 3Q21) and 9.2% in 9M22 (9.9% in 9M21).
  - Due to the opening of a new polyclinic and the suspension of the COVID clinics' contracts in March and related decrease in revenue, and the fact that a significant portion of direct salaries is fixed, the direct salary rate was up 6.8 ppts y-o-y to 37.6% in 3Q22. This, coupled with the low base effect from the expiration of the state income tax subsidy that was in effect in 1H21, led to an increase in the direct salary rate in 9M22, up 5.7 ppts y-o-y to 34.9%. 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 gross profit margin of the clinics business was down by 2.5 ppts in 3Q22 and by 2.6 ppts in 9M22, y-o-y. Adjusted for the impact of state income tax subsidy, the gross profit margin was down 0.4 ppts in 9M22, y-o-y.
- Operating expenses (excl. IFRS 16), mainly comprising of salaries and other employee benefits (up 12.8% in 3Q22 and up 13.7% in 9M22, y-o-y) and general and administrative expenses (excl. IFRS 16) (up 5.0% in 3Q22 and up 7.9% in 9M22, y-o-y), were up in 2022 mainly due to the increased cost structure for COVID clinics and the expansion of the business.
- As a result, the EBITDA margin (excl. IFRS 16) was down in both reporting periods (down 11.5 ppts in 3Q22 and down 6.1 ppts in 9M22, y-o-y). Excluding the impact of the absence of the state income tax subsidy, the EBITDA margin (excl. IFRS 16) was down 3.9 ppts y-o-y in 9M22.

[53] Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.
[54] Of which – capex of GEL 1.6 million in 3Q22 and GEL 7.3 million in 9M22 (GEL 1.5 million in 3Q21 and GEL 4.6 million in 9M21).
[55] Operating cash flows less capex.
[56] The respective costs divided by gross revenues.

- The increase in net debt position (up 14.3% y-o-y) to GEL 45.9 million due to the opening of new polyclinics, coupled with increased interest rates on the market, led to an increase in 9M22 net interest expense (excl. IFRS 16), up 19.0%, y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- In 3Q22, the business posted a 139.6% EBITDA to cash conversion ratio, led by a collection of stronger revenues that were generated in the preceding quarters.
- The business spent GEL 7.3 million on capex in 9M22, of which GEL 1.4 million was maintenance capex and GEL 5.9 million was growth capex, primarily related to the opening of two new polyclinics in Tbilisi.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Apart from community clinics, our polyclinics were also affected due to the reduced traffic for COVID services, such as COVID tests and vaccinations in 3Q22:

	3Q22	3Q21	Change	9M22	9M21	Change
Number of admissions (thousands)	483.8	670.1	-27.8%	1,619.8	1,692.4	-4.3%
Of which, polyclinics	*374.5*	*474.5*	*-21.1%*	*1,245.6*	*1,280.0*	*-2.8%*
Of which, community clinics	*109.3*	*195.6*	*-44.1%*	*374.2*	*410.3*	*-8.8%*

- The number of registered patients in Tbilisi increased by c.19,000 y-o-y to c.270,000 and by c.30,000 y-o-y to c.608,000 across the country as of 30-Sep-22 y-o-y.

Discussion of results, Diagnostics

GEL '000

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net[57]	**4,459**	**8,807**	**-49.4%**	**16,224**	**21,999**	**-26.3%**
Of which, from COVID-19 tests	*876*	*5,148*	*-83.0%*	*5,750*	*11,636*	*-50.6%*
Of which, from regular lab tests	*3,583*	*3,659*	*-2.1%*	*10,474*	*10,363*	*1.1%*
Gross Profit	**878**	**3,464**	**-74.7%**	**3,931**	**8,652**	**-54.6%**
Gross profit margin	*19.7%*	*39.3%*	*-19.6 ppts*	*24.2%*	*39.3%*	*-15.1 ppts*
Operating expenses (ex. IFRS 16)	(886)	(1,199)	-26.1%	(2,979)	(2,898)	2.8%
EBITDA (ex. IFRS 16)	**(8)**	**2,265**	**NMF**	**952**	**5,754**	**-83.5%**
EBITDA margin (ex. IFRS 16)	*-0.2%*	*25.7%*	*-25.9 ppts*	*5.9%*	*26.2%*	*-20.3 ppts*
Net (loss)/profit (ex. IFRS 16)	**(348)**	**1,890**	**NMF**	**(20)**	**4,703**	**NMF**

INCOME STATEMENT HIGHLIGHTS

- A 49.4% y-o-y decrease in the 3Q22 revenue of the business, which apart from regular diagnostics services was also actively engaged in COVID-19 testing, reflects a significantly reduced number of COVID cases in the country and the suspension of Government contracts from March 2022.
- Decrease in revenue translated into reduced gross profit and EBITDA. The growth is expected to rebound over the next few quarters from the launch of the new ambulatory services as well as referrals and tests ordered from the expanded polyclinics chain.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- From March 2022, the Government has suspended the contracts with laboratories for COVID tests.
- The business opened two new retail collection points in 2022 and the total number reached five. The launch of the retail points will bring in additional revenue from regular lab tests as well as attract business-to-business (B2B) contracts.
- The key operating performance highlights for 3Q22 and 9M22 are noted below:

	3Q22	3Q21	Change	9M22	9M21	Change
Number of tests performed (thousands)	*501*	*668*	*-25.1%*	*1,799*	*1,843*	*-2.4%*
Average revenue per test (GEL)	*8.9*	*13.2*	*-32.4%*	*9.0*	*11.9*	*-24.4%*

[57] Net revenue – Gross revenue less corrections and rebates.

Discussion of Other Portfolio Results

The four businesses in our "other" private portfolio are Auto Service, Beverages, Housing Development, and Hospitality. They had a combined value of GEL 287.1 million at 30-Sep-22, which represented 10.0% of our total portfolio.

3Q22 & 9M22 aggregated performance highlights (GEL '000), Other Portfolio

	3Q22	3Q21	Change	9M22	9M21	Change
Revenue	152,019	89,108	70.6%	350,403	239,027	46.6%
EBITDA	18,916	7,854	NMF	30,311	27,526	10.1%
Net cash flows from operating activities	15,957	9,398	69.8%	11,568	21,406	-46.0%

- **Auto Service |** The auto service business includes a car services and parts business, and a periodic technical inspection (PTI) business.
    - **Car services and parts business |** In 3Q22, car services and parts business' revenue was up by 53.9% y-o-y to GEL 13.3 million (up 42.9% y-o-y to GEL 30.8 million in 9M22), reflecting an increase in corporate, wholesale and retail customer segments. Similarly, the gross profit was up by 56.6% to GEL 3.1 million in 3Q22 and up by 50.5% to GEL 7.4 million in 9M22, y-o-y. As a result, the business posted GEL 0.9 million EBITDA in 3Q22, up by 59.4% y-o-y (GEL 1.9 million in 9M22, up by 69.9% y-o-y).
    - **Periodic technical inspection (PTI) business |** PTI business's revenue was up by 12.0% y-o-y to GEL 4.8 million in 3Q22. Revenue growth was supported by an increase in total cars serviced, up by 6.1% y-o-y in 3Q22. As a result, the EBITDA of the PTI business was up by 6.4% y-o-y to GEL 2.7 million, translating into the EBITDA margin of 57.0% in 3Q22. 9M22 revenue was up by 5.2% y-o-y to GEL 12.5 million. The number of cars serviced remained largely flat, up by 0.3% in 9M22 and translated into GEL 6.4 million EBITDA, down 1.0% y-o-y.

- **Beverages |** The beverages business combines three business lines: a beer business, a distribution business and a wine business.
    - **Beer business |** The net revenue of the beer business increased by 39.0% y-o-y to GEL 26.9 million in 3Q22 and by 41.3% y-o-y to GEL 63.4 million in 9M22, reflecting the impact of the strong recovery in tourism and increased product prices due to the sale price increases. Beer and lemonade y-o-y sales (in hectolitres) were up 9.9% and 66.2%, respectively in 3Q22. The average GEL price per litre (average for beer and lemonade) increased by 15.9% y-o-y. Consequently, the EBITDA of the business doubled y-o-y and stood at GEL 7.1 million in 3Q22 (up 2.9x y-o-y to GEL 14.4 million in 9M22). The positive dynamics in the business' operating performance were translated into the decrease of GCAP's issued guarantee by EUR 8.4 million to EUR 6.4 million during the quarter.
    - **Distribution business |** Revenue of the distribution business increased by 61.0% and 56.7% y-o-y to GEL 65.8 million and GEL 138.2 million in 3Q22 and 9M22 respectively, driving 3Q22 and 9M22 EBITDA up by 87.8% and 104.6% y-o-y.
    - **Wine business |** The wine business had significant exposure to the Russian and Ukrainian markets as 62% of the 9M21 net revenues were generated from sales in these markets (51% of revenues in 9M22). Due to the implications of the Russia-Ukraine war, the net revenue of the wine business was down by 9.9% to GEL 12.4 million in 3Q22 (down by 22.5% y-o-y to GEL 29.0 million in 9M22). The decrease in revenue was also impacted by GEL's appreciation against foreign currencies, translating into subdued revenues from exports. The number of bottles sold was down by 1.9% y-o-y, resulting from the decreased export in Ukraine during the quarter. Consequently, EBITDA was down by 86.0% and stood at GEL 0.4 million in 3Q22, while 9M22 EBITDA was negative GEL 0.1 million.

- **Housing development and hospitality businesses** | In light of the increased sales and construction progress, 3Q22 revenue of the housing business was up by GEL 39.7 million y-o-y to GEL 54.5 million (up by GEL 65.6 million y-o-y to GEL 125.1 million in 9M22). Consequently, 3Q22 EBITDA increased by GEL 7.6 million y-o-y to GEL 4.2 million (up by GEL 2.0 million to GEL 2.9 million in 9M22). In October 2022, the business closed a US$ 35 million local bond offering. Full proceeds of the notes were used to refinance the 3-year US$ 35 million local bonds that matured on 7 October 2022.
  The revenue of the hospitality business decreased by 39.9% y-o-y in 3Q22 and was down by 17.8% y-o-y in 9M22. This reflects the absence of revenues due to the divestment of commercial real estate assets in 2021. Consequently, the hospitality business EBITDA was down by GEL 1.4 million y-o-y to negative GEL 1.1 million in 3Q22 (down by GEL 4.8 million y-o-y to negative GEL 0.4 million in 9M22).

ADDITIONAL FINANCIAL INFORMATION

The 9M22 NAV Statement shows the development of NAV since 31-Dec-21:

GEL '000, unless otherwise noted	Dec-21	1. Value creation[58]	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3.Operating expenses	4. Liquidity/ FX/Other	Sep-22	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	681,186	(60,219)	-	-	(22,798)	-	-	598,169	-12.2%
Water Utility	-	13,608	139,392	-	-	-	-	153,000	0.0%
Total Listed and Observable Portfolio Value	**681,186**	**(46,611)**	**139,392**	**-**	**(22,798)**	**-**	**-**	**751,169**	**10.3%**
Listed and Observable Portfolio value change %		***-6.8%***	***20.5%***	***0.0%***	***-3.3%***	***0.0%***	***0.0%***	***10.3%***	
Private Portfolio Companies									
Large Companies	**2,249,260**	**(151,657)**	**(696,960)**	**-**	**(37,408)**	**-**	**821**	**1,364,056**	**-39.4%**
Retail (Pharmacy)	*710,385*	*(17,129)*	*-*	*-*	*(16,018)*	*-*	*-*	*677,238*	*-4.7%*
Hospitals	*573,815*	*(128,573)*	*-*	*-*	*(13,015)*	*-*	*-*	*432,227*	*-24.7%*
Water Utility	*696,960*	*-*	*(696,960)*	*-*	*-*	*-*	*-*	*-*	*-100.0%*
Insurance (P&C and Medical)	*268,100*	*(5,955)*	*-*	*-*	*(8,375)*	*-*	*821*	*254,591*	*-5.0%*
Of which, P&C Insurance	*211,505*	*8,948*	*-*	*-*	*(7,374)*	-	*821*	*213,900*	*1.1%*
Of which, Medical Insurance	*56,595*	*(14,903)*	*-*	*-*	*(1,001)*	-	*-*	*40,691*	*-28.1%*
Investment Stage Companies	**461,140**	**(7,020)**	**5,951**	**-**	**(6,234)**	**-**	**743**	**454,580**	**-1.4%**
Renewable Energy	*173,288*	*6,000*	*395*	*-*	*(6,234)*	*-*	*743*	*174,192*	*0.5%*
Education	*129,848*	*28,028*	*5,556*	-	*-*	-	*-*	*163,432*	*25.9%*
Clinics and Diagnostics	*158,004*	*(41,048)*	*-*	-	-	-	*-*	*116,956*	*-26.0%*
Other Companies	**224,645**	**(90,072)**	**150,997**	**-**	**-**	**-**	**1,485**	**287,055**	**27.8%**
Total Private Portfolio Value	**2,935,045**	**(248,749)**	**(540,012)**	**-**	**(43,642)**	**-**	**3,049**	**2,105,691**	**-28.3%**
Private Portfolio value change %		***-8.5%***	***-18.4%***	***0.0%***	***-1.5%***	***0.0%***	***0.1%***	***-28.3%***	
Total Portfolio Value (1)	**3,616,231**	**(295,360)**	**(400,620)**	**-**	**(66,440)**	**-**	**3,049**	**2,856,860**	**-21.0%**
Total Portfolio value change %		***-8.2%***	***-11.1%***	***0.0%***	***-1.8%***	***0.0%***	***0.1%***	***-21.0%***	
Net Debt (2)	**(711,074)**	**-**	**406,626**	**(68,796)**	**66,440**	**(16,046)**	**(73,211)**	**(396,060)**	**-44.3%**
of which, Cash and liquid funds	*272,317*	-	*543,204*	*(68,796)*	*66,440*	*(16,046)*	*(471,475)*	*379,644*	*39.4%*
of which, Loans issued	*154,214*	-	*(136,577)*	-	-	-	*235,649*	*253,286*	*64.2%*
of which, Gross Debt	*(1,137,605)*	-	-	-	-	-	*108,615*	*(1,028,990)*	*-9.5%*
Net other assets/ (liabilities) **(3)**	(21,535)	-	(6,007)	-	-	(13,475)	65,021	24,004	*NMF*
of which, share-based comp.	-	-	-	-	-	*(13,475)*	*13,475*	-	*0.0%*
Net Asset Value (1)+(2)+(3)	**2,883,622**	**(295,360)**	**-**	**(68,796)**	**-**	**(29,521)**	**(5,141)**	**2,484,804**	**-13.8%**
NAV change %		***-10.2%***	***0.0%***	***-2.4%***	***0.0%***	***-1.0%***	***-0.2%***	***-13.8%***	
Shares outstanding[58]	45,752,362	-	-	(2,855,592)	-	-	663,963	43,560,733	-4.8%
Net Asset Value per share, GEL	**63.03**	**(6.46)**	**(0.00)**	**2.59**	**(0.00)**	**(0.65)**	**(1.46)**	**57.04**	**-9.5%**
NAV per share, GEL change %		***-10.2%***	***0.0%***	***4.1%***	***0.0%***	***-1.0%***	***-2.3%***	***-9.5%***	

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 with UK-adopted international accounting standards ("IFRS"). The financial results are unaudited and derived from management accounts.

[58] Please see definition in glossary on page 27.

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 the 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.
22. **NCC Ratio** – Equals Net Capital Commitment divided by 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, (ii) a hospitals business, (iii) an insurance business (P&C and medical insurance); (iv) a clinics and diagnostics business, (v) a renewable energy business (hydro and wind assets) and (vi) 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 20% 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 1H22 Results Announcement and 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

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