

FINANCIAL PERFORMANCE HIGHLIGHTS (IFRS)¹

GEL '000, unless otherwise noted

	Mar-24	Dec-23	Change
Georgia Capital NAV overview			
NAV per share, GEL	90.04	82.94	8.6%
NAV per share, GBP	26.48	24.23	9.3%
Net Asset Value (NAV)	3,645,530	3,378,512	7.9%
Shares outstanding ²	40,487,423	40,736,528	-0.6%
Liquid assets and loans issued	78,891	117,122	-32.6%
NCC ratio ²	14.8%	15.6%	-0.8 ppts
Georgia Capital Performance			
	1Q24	1Q23	Change
Total portfolio value creation	306,944	76,896	NMF
<i>of which, listed and observable businesses</i>	324,544	20,839	NMF
<i>of which, private businesses</i>	(17,600)	56,057	NMF
Investments	3,000	16,998	-82.4%
Buybacks ³	22,669	19,266	17.7%
Dividend income ⁴	13,799	26,412	-47.8%
Net income	287,601	80,638	NMF
Private portfolio companies' performance^{1,5}			
	1Q24	1Q23	Change
Large portfolio companies			
Revenue	339,451	322,437	5.3%
EBITDA	35,647	42,501	-16.1%
Net operating cash flow	29,682	19,171	54.8%
Investment stage portfolio companies			
Revenue	43,321	32,933	31.5%
EBITDA	14,491	9,737	48.8%
Net operating cash flow	14,000	4,606	NMF
Total portfolio⁶			
Revenue	515,169	473,565	8.8%
EBITDA	65,465	55,822	17.3%
Net operating cash flow	45,035	34,353	31.1%

KEY POINTS

- Record NAV per share of GEL 90.04, up 8.6% q-o-q, supported by BoG's outstanding performance and share price growth
- Strong performance of our private portfolio companies, aggregated quarterly revenue and EBITDA up 8.8% and 17.3% y-o-y, respectively
- NCC ratio improved by 0.8 ppts q-o-q to 14.8% as at 31-Mar-24 (4.9 ppts improvement y-o-y), reflecting strong liquidity and continued growth in portfolio value
- c.490,000 shares repurchased in 1Q24 (total bought back and cancelled since demerger now stands at 7.9 million shares (US\$ 87 million in value), representing c.16.5%⁷ of the issued share capital at its peak)
- GEL 13.8 million dividend income from the portfolio companies in 1Q24

Conference call: An investor/analyst conference call will be held on 1 May 2024, at 14:00 UK / 15:00 CET / 9:00 US Eastern Time. Please register at the [Registration Link](#) to attend the event. Further details are available on the [Group's webpage](#).

¹ See "Basis of Presentation" for more background on page 19. 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 19.

³ Includes both the buybacks under the share buyback and cancellation programme and for the management trust.

⁴ Includes GEL 4.3 million and GEL 21.2 million buyback dividends related to participation in BOG's on-market share buybacks in 1Q24 and 1Q23, respectively.

⁵ Private portfolio companies' performance highlights are presented excluding the water utility business. Aggregated numbers are presented like-for-like basis.

⁶ The results of our four smaller businesses included in other portfolio companies (described on page 18) 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).

⁷ Determined by taking into account the peak number of 47.9 million shares issued as of 31-Dec-20.

CHAIRMAN AND CEO'S STATEMENT

I am pleased to present another strong performance in the first quarter of 2024, which demonstrates significant strategic, financial, and operational progress of Georgia Capital.

Record-high NAV per share. NAV per share (GEL) increased by 8.6% in 1Q24, mainly resulting from robust value creation across our portfolio companies. Value creation in our listed and observable portfolio amounted to GEL 324.5 million (9.6 ppts positive impact on the NAV per share). This growth was fueled by the continued rally of BoG's share price, which saw a 27.0% increase in 1Q24 and reflects the strong growth in BoG's earnings, as well as the impact of its expansion into the Armenian market (through the acquisition of Ameriabank CJSC). Value creation across our private portfolio companies was negative GEL 17.6 million (-0.5 ppts impact), as the resilient operating performances of our high-quality assets (aggregated revenue and EBITDA up 8.8% and 17.3% y-o-y in 1Q24, respectively), were offset by movements in implied valuation multiples and foreign currency exchange rates. The NAV per share growth was further supported by our share buyback and cancellation programme (+0.8 ppts impact), partially offset by management platform related costs and net interest expense (-0.5 ppts impact). In GBP terms, the NAV per share growth in 1Q24 was 9.3%, supported by GEL's appreciation against GBP during the quarter.

Private portfolio progress. The negative value creation in the private portfolio saw positive developments in our education, clinics and diagnostics and insurance businesses offset by the negative impact of continued weak operating performance in our retail pharmacy and hospitals businesses, which have both been negatively affected by recent changes in government regulations and other factors which we believe are now largely digested. Both businesses continue to operate below their long-term potential; nevertheless, there was a notable increase in revenues in 1Q24, driven by improvements in key business operating indicators. We expect this recent momentum to continue, and to deliver further progress throughout the rest of the year.

NCC ratio decreased to 14.8% in 1Q24. A 0.8 ppts q-o-q improvement in the NCC ratio in 1Q24 was mainly driven by the 8.1% growth in total portfolio value. On a y-o-y basis, the progress on the NCC ratio was substantial, down 4.9 ppts, reflecting a significant decrease in the gross debt balance.

Update on ESG. Environmental, social and governance ("ESG") matters continue to be at the forefront of our strategy and our commitment to the increasing importance of ESG issues remains undimmed. As announced in our Sustainability Report in March 2024, we have made significant progress on our overarching commitment to supporting our community and contributing to Georgia's transition to a more sustainable and carbon-neutral economy. For the first time in Georgia, we have successfully obtained third-party assurance on our greenhouse gas emissions, which underscores our commitment to transparency and, together with our proven governance, positions Georgia Capital as a key player in the country's sustainable development. Furthermore, our longstanding dedication to responsible investment was recognised by Asian Development Bank, which awarded Georgia Capital with an Impact Award in April 2024.

Macroeconomic update. Georgia's economy continues its expansion, with economic growth accelerating to 7.8% in 1Q24. Growth was supported by strong credit expansion, ongoing fiscal spending, and foreign exchange inflows. The inflation rate decelerated sharply and stood at 0.5% in March 2024. The National Bank of Georgia (NBG) continued exiting from its tightened monetary policy with cumulative 125 bps cuts, reducing the refinancing rate to 8.25% in 1Q24. The current account deficit reached historic low levels of 4.3% of GDP in 2023, supported by robust growth in the services balance, particularly in tourism and information and communication technology ("ICT") services. These positive macroeconomic developments have also led to improvements in the country's sovereign rating and macro-outlook. Moody's revised its outlook from Ba2 negative to Ba2 stable in March 2024, while the IMF increased its growth forecast for 2024 from 4.8% to 5.7% in its latest World Economic Outlook (WEO, Apr-24), positioning Georgia among the highest growth performers in its peer group.

Outlook. Our robust balance sheet and capital allocation management, coupled with the strong performance of our portfolio companies, led to outstanding results in 1Q24. We have achieved our goal of deleveraging the business towards our medium-term targeted NCC ratio of 15%, and we continue to grow NAV per share on the back of capital light and sustainable investments. Looking ahead, with the expected rebound in the operating performance of our hospitals and retail (pharmacy) businesses in 2H24, we anticipate an even more significant opportunity for value creation across our portfolio companies. I believe that Georgia Capital is extremely well positioned to continue delivering consistent NAV per share growth over the medium to long term – and to progress further towards achieving our key strategic priorities. This outlook is underpinned by the resilience of the Georgian economy, which has demonstrated consistent and substantial growth over the past few years.

Irakli Gilauri, Chairman and CEO

DISCUSSION OF GROUP RESULTS

The discussion below analyses the Group's unaudited net asset value at 31-Mar-24 and its income for the first quarter then ended on an IFRS basis (see "Basis of Presentation" on page 19 below).

Net Asset Value (NAV) Statement

NAV statement summarises the Group's IFRS equity value (which we refer to as Net Asset Value or NAV in the NAV Statement below) at the opening and closing dates for the first quarter (31-Dec-23 and 31-Mar-24). The NAV Statement below breaks down NAV into its components and provides a roll forward of the related changes between the reporting periods.

NAV STATEMENT 1Q24

GEL '000, unless otherwise noted	Dec-23	1. Value creation ⁸	2a. Investment and Divestments	2b. Buyback	2c. Dividend	3. Operating expenses	4. Liquidity/FX/Other	Mar-24	Change %
Listed and Observable Portfolio Companies									
Bank of Georgia (BoG)	1,225,847	321,544	-	-	(4,339)	-	-	1,543,052	25.9%
Water Utility	159,000	3,000	-	-	-	-	-	162,000	1.9%
Total Listed and Observable Portfolio Value	1,384,847	324,544	-	-	(4,339)	-	-	1,705,052	23.1%
<i>Listed and Observable Portfolio value change %</i>		<i>23.4%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>-0.3%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>23.1%</i>	
Private Portfolio Companies									
Large Companies									
Retail (Pharmacy)	1,436,231	(46,104)	-	-	(4,842)	-	1,080	1,386,365	-3.5%
Hospitals	714,001	(19,999)	-	-	-	-	360	694,362	-2.8%
Insurance (P&C and Medical)	344,356	(30,425)	-	-	-	-	359	314,290	-8.7%
Of which, P&C Insurance	377,874	4,320	-	-	(4,842)	-	361	377,713	0.0%
Of which, Medical Insurance	285,566	8,305	-	-	(4,842)	-	361	289,390	1.3%
Of which, Medical Insurance	92,308	(3,985)	-	-	-	-	-	88,323	-4.3%
Investment Stage Companies	566,614	22,307	-	-	-	-	637	589,558	4.0%
Renewable Energy	266,627	(665)	-	-	-	-	405	266,367	-0.1%
Education	189,226	13,254	-	-	-	-	152	202,632	7.1%
Clinics and Diagnostics	110,761	9,718	-	-	-	-	80	120,559	8.8%
Other Companies	284,253	6,197	3,000	-	(4,618)	-	1,005	289,837	2.0%
Total Private Portfolio Value	2,287,098	(17,600)	3,000	-	(9,460)	-	2,722	2,265,760	-0.9%
<i>Private Portfolio value change %</i>		<i>-0.8%</i>	<i>0.1%</i>	<i>0.0%</i>	<i>-0.4%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>-0.9%</i>	
Total Portfolio Value (1)	3,671,945	306,944	3,000	-	(13,799)	-	2,722	3,970,812	8.1%
<i>Total Portfolio value change %</i>		<i>8.4%</i>	<i>0.1%</i>	<i>0.0%</i>	<i>-0.4%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>8.1%</i>	
Net Debt (2)	(296,808)	-	(3,000)	(22,669)	13,799	(5,660)	(12,994)	(327,332)	10.3%
of which, Cash and liquid funds	107,910	-	(3,000)	(22,669)	13,799	(5,660)	(21,014)	69,366	-35.7%
of which, Loans issued	9,212	-	-	-	-	-	313	9,525	3.4%
of which, Gross Debt	(413,930)	-	-	-	-	-	7,707	(406,223)	-1.9%
Net other assets/ (liabilities) (3)	3,375	-	-	-	-	(3,680)	2,355	2,050	-39.3%
of which, share-based comp.	-	-	-	-	-	(3,680)	3,680	-	NMF
Net Asset Value (1)+(2)+(3)	3,378,512	306,944	-	(22,669)	-	(9,340)	(7,917)	3,645,530	7.9%
<i>NAV change %</i>		<i>9.1%</i>	<i>0.0%</i>	<i>-0.7%</i>	<i>0.0%</i>	<i>-0.3%</i>	<i>-0.2%</i>	<i>7.9%</i>	
Shares outstanding ⁸	40,736,528	-	-	(609,170)	-	-	360,065	40,487,423	-0.6%
Net Asset Value per share, GEL	82.94	7.53	(0.00)	0.69	(0.00)	(0.23)	(0.87)	90.04	8.6%
<i>NAV per share, GEL change %</i>		<i>9.1%</i>	<i>0.0%</i>	<i>0.8%</i>	<i>0.0%</i>	<i>-0.3%</i>	<i>-1.1%</i>	<i>8.6%</i>	

NAV per share (GEL) was up 8.6% q-o-q in 1Q24, driven by a GEL 306.9 million value creation across our portfolio companies (+9.1 ppts impact) and share buybacks (+0.8 ppts impact). The NAV per share (GEL) growth was slightly offset by management platform-related costs and net interest expense (-0.5 ppts impact in total).

Portfolio overview

Total portfolio value increased by GEL 298.9 million (8.1%) to GEL 4.0 billion in 1Q24:

- The value of the listed and observable portfolio increased by GEL 320.2 million (up 23.1%), resulting from GEL 324.5 million value creation, slightly offset by GEL 4.3 million buyback dividend income from BoG.
- The value of the private portfolio decreased by GEL 21.3 million (down 0.9%), mainly reflecting negative GEL 17.6 million value creation and a decrease of GEL 9.5 million due to dividends paid to GCAP.

Consequently, as of 31-Mar-24, the listed and observable portfolio value totalled GEL 1.7 billion (42.9% of the total portfolio value), and the private portfolio value amounted to GEL 2.3 billion (57.1% of the total).

⁸ Please see definition in glossary on page 19.

1) Value creation

Total portfolio value creation amounted to GEL 306.9 million in 1Q24:

- GEL 324.5 million value creation from the listed and observable portfolio derived from a) a 27.0% increase in BoG's share price in 1Q24 and b) GEL 3.0 million value creation in Water Utility, reflecting the application of the put option valuation to GCAP's 20% holding in the business (where GCAP has a clear exit path through a put and call structure at pre-agreed EBITDA multiples).
- GEL 17.6 million negative value creation in the private portfolio companies reflects a) GEL 26.4 million operating performance-related increase in the value of our private assets and b) GEL 44.0 negative net impact from the changes in implied valuation multiples¹¹ and foreign currency exchange rates on private portfolio valuations.

The table below summarises value creation drivers in our businesses in 1Q24:

Portfolio Businesses	Operating Performance ⁹	Greenfields / buy-outs / exits ¹⁰	Multiple Change and FX ¹¹	Value Creation
GEL '000, unless otherwise noted	(1)	(2)	(3)	(1) + (2) + (3)
Listed and Observable portfolio				324,544
BoG				321,544
Water Utility				3,000
Private portfolio	26,371	-	(43,971)	(17,600)
Large Portfolio Companies	(45,122)	-	(982)	(46,104)
Retail (pharmacy)	(20,394)	-	395	(19,999)
Hospitals	(30,801)	-	376	(30,425)
Insurance (P&C and Medical)	6,073	-	(1,753)	4,320
Of which, P&C Insurance	12,600	-	(4,295)	8,305
Of which, Medical Insurance	(6,527)	-	2,542	(3,985)
Investment Stage Portfolio Companies	44,572	-	(22,265)	22,307
Renewable Energy	3,708	-	(4,373)	(665)
Education	10,680	-	2,574	13,254
Clinics and Diagnostics	30,184	-	(20,466)	9,718
Other	26,921	-	(20,724)	6,197
Total portfolio	26,371	-	(43,971)	306,944

Valuation overview¹²

In 1Q24, our private large and investment stage portfolio companies were valued internally by incorporating the portfolio companies' 1Q24 results, in line with International Private Equity Valuation ("IPEV") guidelines and methodology deployed at the end of 2023 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 1Q24 is summarised in the following table:

GEL '000, unless otherwise noted	Enterprise Value (EV)			Equity Value			
	31-Mar-24	31-Dec-23	Change %	31-Mar-24	31-Dec-23	Change %	% share in total portfolio
Listed and Observable portfolio				1,705,052	1,384,847	23.1%	42.9%
BoG				1,543,052	1,225,847	25.9%	38.9%
Water Utility				162,000	159,000	1.9%	4.0%
Private portfolio	3,489,396	3,463,259	0.8%	2,265,760	2,287,098	-0.9%	57.1%
Large portfolio companies	2,012,188	2,021,278	-0.4%	1,386,365	1,436,231	-3.5%	34.9%
Retail (pharmacy)	1,021,558	1,043,800	-2.1%	694,362	714,001	-2.8%	17.5%
Hospitals	606,889	618,912	-1.9%	314,290	344,356	-8.7%	7.9%
Insurance (P&C and Medical)	383,741	358,566	7.0%	377,713	377,874	0.0%	9.5%
Of which, P&C Insurance	289,390	285,566	1.3%	289,390	285,566	1.3%	7.3%
Of which, Medical Insurance	94,351	73,000	29.2%	88,323	92,308	-4.3%	2.2%
Investment stage portfolio companies	877,672	856,787	2.4%	589,558	566,614	4.0%	14.8%
Renewable Energy	459,298	456,236	0.7%	266,367	266,627	-0.1%	6.7%
Education ¹³	240,500	228,799	5.1%	202,632	189,226	7.1%	5.1%
Clinics and Diagnostics	177,874	171,752	3.6%	120,559	110,761	8.8%	3.0%
Other	599,536	585,194	2.5%	289,837	284,253	2.0%	7.4%
Total portfolio				3,970,812	3,671,945	8.1%	100.0%

⁹ 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.

¹⁰ 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.

¹¹ Change in the fair value attributable to the change in valuation multiples and the effect of exchange rate movement on net debt.

¹² Please read more about valuation methodology on page 19 in "Basis of presentation".

¹³ Enterprise value is presented excluding the recently acquired schools and non-operational assets, added to the equity value of the education business at cost.

Private large portfolio companies (34.9% of total portfolio value)

Retail (Pharmacy) (17.5% of total portfolio value) – The EV of Retail (Pharmacy) was down by 2.1% to GEL 1.0 billion in 1Q24, reflecting near-term developments in the operating performance of the business. The significant recent expansion of the retail chain coupled with increased demand for seasonal medicines due to the increased flu activity in 1Q24, led to a robust 8.7% y-o-y retail revenue growth in 1Q24. Wholesale revenue was down by 15.0% y-o-y in 1Q24. This reflects a y-o-y decrease in State revenues, influenced by timing discrepancies in tender occurrences, as well as the State's direct procurement of certain medicines from manufacturers during 1Q24. Overall, the revenue of the retail (pharmacy) business was up 3.6% y-o-y, while gross profit increased by 5.0% y-o-y in 1Q24, notwithstanding the challenges posed by recently introduced price regulations. Operating expenses were up 21.4% y-o-y in 1Q24, due to increased rent and salary costs related to the chain expansion and the launch of a new warehouse at the end of 2023 which, together with the developments described above, translated into a 24.3% y-o-y decrease in EBITDA in 1Q24. See page 9 for details. Consequently, LTM EBITDA (incl. IFRS 16) was down by 2.1% to GEL 105.3 million in 1Q24. Net debt (incl. IFRS 16) remained largely flat at GEL 319.6 million as at 31-Mar-24. As a result, the fair value of GCAP's 97.6% holding decreased by 2.8% to GEL 694.4 million in 1Q24. The implied LTM EV/EBITDA valuation multiple (incl. IFRS 16) remained unchanged at 9.7x as at 31-Mar-24.

Hospitals (7.9% of total portfolio value) – The EV of the hospitals business reduced by 1.9% to GEL 606.9 million in 1Q24. The revenue of Large and Specialty Hospitals was up by 7.7% y-o-y in 1Q24, reflecting a) a y-o-y increase in revenues from Iashvili Paediatric Tertiary Referral Hospital in 1Q24, which was closed during most of 1Q23 due to mandatory regulatory-related renovation works and b) a decrease in the share of revenues from the State (down from 58.1% in 1Q23 to 54.8% in 1Q24), as the business continued to introduce a diversified range of new services, partially offsetting the impact of the facility regulation rules enforced in September 2023. The 1Q24 revenue of our Regional and Community Hospitals was down by 9.0% y-o-y, mainly reflecting the sale of one of the hospitals in 4Q23. Operating expenses (excl. IFRS 16) were up by 10.6% y-o-y in 1Q24, resulting from an increase in the impairment of receivables, in line with the increased share of out-of-pocket revenues. These developments translated into a 13.4% decrease in EBITDA (excluding IFRS 16) in 1Q24. See page 11 for details. Consequently, LTM EBITDA (incl. IFRS 16) was down by 2.0% to GEL 43.9 million in 1Q24 and net debt amounted to GEL 259.2 million as at 31-Mar-24. As a result, the equity value of Hospitals was assessed at GEL 314.3 million in 1Q24 (down 8.7% q-o-q), translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 13.8x at 31-Mar-24 (13.8x at 31-Dec-23).

Insurance (P&C and Medical) (9.5% of total portfolio value) – The insurance business combines: a) P&C Insurance valued at GEL 289.4 million and b) Medical Insurance valued at GEL 88.3 million.

Insurance revenues were up by 18.9% y-o-y to GEL 55.0 million in 1Q24, reflecting the growth in the motor, credit life and medical insurance lines. The combined ratio of the P&C insurance increased by 4.3 ppts y-o-y in 1Q24, mainly resulting from the 4.8 ppts y-o-y increase in the FX ratio due to the impact of the exchange rate movements on business operations. The combined ratio of the medical insurance increased by 1.4 ppts y-o-y in 1Q24, mainly driven by the 0.9 ppts y-o-y increase in the expense ratio resulting from the increased salaries and other employee benefits in line with the business growth. As a result, the pre-tax profit of the combined insurance business remained largely flat, up 0.4% y-o-y to GEL 7.8 million in 1Q24. See page 12 for details. Pre-tax LTM net income amounted to GEL 30.4 million in 1Q24 (up 0.1%). Consequently, the equity value of the insurance business remained unchanged at GEL 377.7 million, translating into an implied LTM P/E valuation multiple of 12.4x at 31-Mar-24 (12.4x at 31-Dec-23).

Private investment stage portfolio companies (14.8% of total portfolio value)

Renewable Energy (6.7% of total portfolio value) – Enterprise Value of the business was up 0.5% to US\$ 170.4 million in 1Q24 (up 0.7% to GEL 459.3 million in GEL terms). This reflects the incremental impact on EV of the resumption of operations of two power-generating units of Hydrolea HPPs, which were taken offline during the November 2022 – June 2023 period to enable scheduled rehabilitation works. In US\$ terms, the 1Q24 revenue was up by 46.5%, reflecting a 46.0% y-o-y increase in electricity generation in 1Q24. Operating expenses were down by 4.0% y-o-y, which together with the strong topline growth translated into a 97.7% y-o-y increase in EBITDA in 1Q24. See page 14 for details. The pipeline renewable energy projects continued to be measured at an equity investment cost (GEL 56.6 million (US\$ 21.0 million) in aggregate as at 31-Mar-24). Net debt increased by 1.5% to US\$ 71.6 million in 1Q24. As a result, the equity value of Renewable Energy was assessed at GEL 266.4 million in 1Q24 (down 0.1% q-o-q), (down 0.3% q-o-q to US\$ 98.8 million in US\$ terms). The blended EV/EBITDA implied valuation multiple of the operational assets stood at 12.4x as at 31-Mar-24, down from 12.6x at 31-Dec-23.

Education (5.1% of total portfolio value) – EV of Education was up by 5.1% to GEL 240.5 million in 1Q24, reflecting the strong operating performance of the business. Revenue in 1Q24 increased by 32.8% y-o-y resulting from a) organic growth through strong learner intakes and a ramp-up of utilisation and b) expansion of the business through the launch and acquisition of two new campuses in 2023. The revenue growth was partially subdued by GEL's y-o-y appreciation against US\$, as the tuition fees for our premium and international schools are denominated in US\$. On a constant currency basis, the y-o-y revenue growth in 1Q24 amounted to 39.9%. The expansion of the business also led to a 47.1% y-o-y increase in operating expenses. Consequently, EBITDA was up by 10.0% y-o-y in 1Q24 (up 27.6% on a constant currency basis). See page 15 for details. LTM EBITDA was up by 8.2% to GEL 14.9 million in 1Q24. Net debt was down by 25.0% q-o-q to GEL 12.4 million in

1Q24, reflecting the strong cash flow generation of the business. As a result, GCAP's stake in the education business was valued at GEL 202.6 million at 31-Mar-24 (up 7.1% q-o-q). This translated into the implied valuation multiple of 16.2x as at 31-Mar-24, down from 16.7x at 31-Dec-23. The forward-looking implied multiple is estimated at 11.0x for the 2024-2025 academic year.

Clinics and Diagnostics (3.0% of total portfolio value) – The EV of the business increased by 3.6% to GEL 177.9 million in 1Q24, reflecting a robust operating performance. 1Q24 revenue and EBITDA (ex. IFRS 16) of the combined clinics and diagnostics business were up 24.0% and 83.0% y-o-y, respectively. This growth reflects a) the increased demand for high revenue-generating services driven by the business's proactive approach to customer acquisition and service enhancements, and b) the expansion of the business through the launch of two new ambulatory centres in 2H23, which also led to a 17.9% y-o-y increase in the operating expenses in 1Q24. See page 16 for details. Consequently, the LTM EBITDA (incl. IFRS 16) of the business was up by 13.7% to GEL 16.8 million in 1Q24. The net debt (incl. IFRS 16) stood at GEL 54.6 million as at 31-Mar-24 (down 6.7% q-o-q). As a result, the equity value of the business was assessed at GEL 120.6 million (up 8.8% q-o-q), translating into an implied LTM EV/EBITDA multiple (incl. IFRS 16) of 10.6x at 31-Mar-24 (down from 11.7x at 31-Dec-23).

Other businesses (7.4% of total portfolio value) – Of the "other" private portfolio businesses, Auto Service and Beverages (other than wine) are valued based on LTM EV/EBITDA. Wine and Housing Development are valued based on DCF, Hospitality is valued based on NAV. See performance highlights of other businesses on page 18. The portfolio value of other businesses increased by 2.0% to GEL 289.8 million in 1Q24, primarily attributable to the net impact of GEL 8.2 million value creation and GEL 4.6 million dividend collection from the beverages business in 1Q24.

Listed and observable portfolio companies (42.9% of total portfolio value)

BOG (38.9% of total portfolio value) – In 4Q23, BoG delivered an annualised ROAE of 26.7% and a 20.0% loan book growth y-o-y (on a constant currency basis, the loan portfolio increased by 19.6% y-o-y). In 1Q24, BoG's share price was up by 27.0% q-o-q to GBP 50.5 at 31-Mar-24, reflecting the strong growth in BoG's earnings as well as the impact of the announced acquisition of Ameriabank CJSC, which was completed at the end of March 2024. In 1Q24, GCAP received GEL 4.3 million dividends (corresponding to c.25,000 shares sold) from participation in the Bank's buyback programme, which was extended by an additional GEL 100 million in 1Q24. On 15 March 2024, the Bank announced its board's intention to recommend a final dividend for 2023 of GEL 4.94 per ordinary share at the Bank's 2024 Annual General Meeting. This will make a total dividend paid in respect of the Bank's 2023 earnings of GEL 8.00 per share (a 4.6% increase compared to 2022). As a result of the developments described above, the market value of GCAP's equity stake in BoG increased by 25.9% to GEL 1.5 billion in 1Q24. The LTM P/E valuation multiple was at 5.5x as of 31-Mar-24. BoG's public announcement of their 1Q24 results, when published, will be available on [BoG's website](#).

Water Utility (4.0% of total portfolio value) – The equity value of the business increased by GEL 3.0 million to GEL 162 million in 1Q24. This valuation assessment was performed by applying the put option valuation to GCAP's 20% holding and reflects the impact of the new tariffs on the business's factual performance in 1Q24. New tariffs for water supply and sanitation ("WSS") for the 2024-2026 regulatory period were approved in December 2023. The WSS tariffs for legal entities in Tbilisi increased from GEL 6.5 to GEL 8.8 per cubic meter compared to the previous regulatory period of 2021-2023. WSS tariffs for residential customers remained unchanged.

2) Investments¹⁴

In 1Q24, GCAP invested GEL 3.0 million in the auto service business.

3) Share buybacks

During 1Q24, 609,170 shares were bought back for a total consideration of GEL 22.7 million.

- 488,642 shares with a value of GEL 18.0 million (US\$ 6.7 million) were repurchased under GCAP's US\$ 15 million share buyback and cancellation programme.
- 120,528 shares (GEL 4.7 million in value) represent the tax-related statutory buyback for the management trust, where the average cost of unawarded shares is GBP 7.8 as of 31 March 2024.

4) Dividends¹⁵

In 1Q24, Georgia Capital collected GEL 13.8 million regular dividends from the portfolio companies, of which:

- GEL 4.3 million was received from participation in BoG's buyback programme.
- GEL 4.8 million dividends were collected from the P&C insurance business.
- GEL 4.6 million dividends were received from the beverages business.

¹⁴ Investments are made at JSC Georgia Capital level, the Georgian holding company.

¹⁵ Dividends are received at JSC Georgia Capital level, the Georgian holding company.

Net Capital Commitment (NCC) overview

Below we describe the components of Net Capital Commitment (NCC) as of 31 March 2024 and as of 31 December 2023. NCC represents an aggregated view of all confirmed, agreed and expected capital outflows (including a buffer for contingencies) at both Georgia Capital PLC and JSC Georgia Capital levels.

Components of NCC GEL '000, unless otherwise noted	31-Mar-24	31-Dec-23	Change
Cash and liquid funds	69,366	107,910	-35.7%
Loans issued	9,525	9,212	3.4%
Gross debt	(406,223)	(413,930)	-1.9%
Net debt (1)	(327,332)	(296,808)	10.3%
Guarantees issued (2)	-	-	NMF
Net debt and guarantees issued (3)=(1)+(2)	(327,332)	(296,808)	10.3%
Planned investments (4)	(125,417)	(125,143)	0.2%
of which, planned investments in Renewable Energy	(77,807)	(77,637)	0.2%
of which, planned investments in Education	(47,610)	(47,506)	0.2%
Announced Buybacks (5)	-	(18,087)	NMF
Contingency/liquidity buffer (6)	(134,765)	(134,470)	0.2%
Total planned investments, announced buybacks and contingency/liquidity buffer (7)=(4)+(5)+(6)	(260,182)	(277,700)	-6.3%
Net capital commitment (3)+(7)	(587,514)	(574,508)	2.3%
Portfolio value	3,970,812	3,671,945	8.1%
NCC ratio	14.8%	15.6%	-0.8 ppts

Cash and liquid funds. Total cash and liquid funds' balance was down by 35.7% q-o-q to GEL 69.4 million (down 35.9% q-o-q to US\$ 25.7 million) in 1Q24, mainly reflecting share buybacks during the quarter, as described above and coupon payment on US\$ 150 million sustainability-linked bonds.

Loans issued. Issued loans' balance primarily refers to loans issued to our private portfolio companies and are lent at market terms. The balance was up by GEL 0.3 million in 1Q24, reflecting the interest accrual on the loans issued.

Gross debt. In US\$ terms the balance decreased by 2.1% q-o-q in 1Q24, reflecting the net impact of interest accrual and coupon payment on GCAP's bonds. In GEL terms, the balance was down by 1.9% in 1Q24, further reflecting the foreign exchange rate movements.

Planned investments. Planned investments' balance represents expected investments in renewable energy and education businesses over the next 2-3 years. The balance in US\$ terms remained unchanged in 1Q24 (the balance in GEL terms was up 0.2% in 1Q24, reflecting the foreign exchange rate movement).

Announced buybacks. The balance of the announced buybacks reflects the completion of GCAP's share buybacks and cancellation programme in 1Q24.

Contingency/liquidity buffer. The balance reflects the provision for cash and liquid assets in the amount of US\$ 50 million, for contingency/liquidity purposes. The balance remained unchanged in US\$ terms as at 31-Mar-24.

As a result of the movements described above, the NCC ratio as at 31-Mar-24 declined by 0.8 ppts q-o-q to 14.8% as the 8.1% increase in the portfolio more than offset the 2.3% q-o-q increase in NCC.

INCOME STATEMENT (ADJUSTED IFRS / APM)

Net income under IFRS was GEL 285.3 million in 1Q24 (GEL 63.1 million net income in 1Q23). 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 March 31 as an aggregation of (i) the results of GCAP (the two holding companies Georgia Capital PLC and JSC Georgia Capital, taken together) and (ii) the fair value change in the value of portfolio companies during the reporting period. For details on the methodology underlying the preparation of the adjusted income statement, please refer to page 94 in Georgia Capital PLC 2023 Annual report.

INCOME STATEMENT (Adjusted IFRS/APM)

GEL '000, unless otherwise noted	1Q24	1Q23	Change
Dividend income	13,799	26,412	-47.8%
<i>Of which, regular dividend income</i>	9,460	5,187	82.4%
<i>Of which, buyback dividend income</i>	4,339	21,225	-79.6%
Interest income	1,637	4,977	-67.1%
Realised/unrealised (loss)/gain on liquid funds	(551)	428	NMF
Interest expense	(8,610)	(13,751)	-37.4%
Gross operating income	6,275	18,066	-65.3%
Operating expenses	(9,340)	(9,932)	-6.0%
GCAP net operating (loss)/income	(3,065)	8,134	NMF
Fair value changes of portfolio companies			
Listed and Observable Portfolio Companies	320,205	(386)	NMF
<i>Of which, Bank of Georgia Group PLC</i>	317,205	(386)	NMF
<i>Of which, Water Utility</i>	3,000	-	NMF
Private Portfolio companies	(27,060)	50,870	NMF
Large Portfolio Companies	(50,946)	28,931	NMF
<i>Of which, Retail (pharmacy)</i>	(19,999)	25,939	NMF
<i>Of which, Hospitals</i>	(30,425)	(6,088)	NMF
<i>Of which, Insurance (P&C and Medical)</i>	(522)	9,080	NMF
Investment Stage Portfolio Companies	22,307	13,268	68.1%
<i>Of which, Renewable energy</i>	(665)	14,646	NMF
<i>Of which, Education</i>	13,254	1,296	NMF
<i>Of which, Clinics and Diagnostics</i>	9,718	(2,674)	NMF
Other businesses	1,579	8,671	-81.8%
Total investment return	293,145	50,484	NMF
Income before foreign exchange rate movements and non-recurring expenses			
	290,080	58,618	NMF
Net foreign currency (loss)/gain	(1,157)	22,020	NMF
Non-recurring expenses	(1,322)	-	NMF
Net income	287,601	80,638	NMF

The gross operating income stood at GEL 6.3 million in 1Q24, down 65.3% y-o-y. This decline mainly reflects the decrease in dividend income attributable to the non-recurring buyback dividend of GEL 21.2 million recorded in 1Q23 from participation in BoG's 2022 buybacks.

Interest income was also down on lower liquid funds due to significant deleveraging progress in 2023, which resulted in significantly reduced interest expense during the quarter.

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

GCAP Operating Expenses Components

GEL '000, unless otherwise noted	1Q24	1Q23	Change
Administrative expenses ¹⁶	(2,860)	(2,629)	8.8%
Management expenses – cash-based ¹⁷	(2,800)	(2,589)	8.1%
Management expenses – share-based ¹⁸	(3,680)	(4,714)	-21.9%
Total operating expenses	(9,340)	(9,932)	-6.0%
<i>Of which, fund type expense¹⁹</i>	(2,501)	(2,566)	-2.5%
<i>Of which, management fee type expenses²⁰</i>	(6,839)	(7,366)	-7.2%

GCAP management fee expenses starting from 2024 have a self-targeted cap of 0.75% of Georgia Capital's NAV. The LTM management fee expense ratio was 0.73% at 31-Mar-24 (1.03% as of 31-Mar-23).

Total investment return represents the increase (decrease) in the fair value of our portfolio. Total investment return was GEL 293.1 million in 1Q24, reflecting the changes in the value of our portfolio companies. We discuss valuation drivers for our businesses on pages 4-6. The performance of each of our private large and investment stage portfolio companies is discussed on pages 9-18.

GCAP's net foreign currency liability balance amounted to US\$ 136 million (GEL 366 million) at 31-Mar-24. As a result of the movements described above, GCAP's adjusted IFRS *net income* was GEL 287.6 million in 1Q24.

¹⁶ Includes expenses such as external audit fees, legal counsel, corporate secretary and other similar administrative costs.

¹⁷ Cash-based management expenses are cash salary and cash bonuses paid/accrued for staff and management compensation.

¹⁸ Share-based management expenses are share salary and share bonus expenses of management and staff.

¹⁹ Fund type expenses include expenses such as audit and valuation fees, fees for legal advisors, Board compensation and corporate secretary costs.

²⁰ Management fee is the sum of cash-based and share-based operating expenses (excluding fund-type costs).

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 the 1Q24 and 1Q23 portfolio company's accounts and respective IFRS numbers are unaudited. We present key IFRS financial highlights, operating metrics and ratios along with 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 19 for more background.

Discussion of Retail (Pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns a 97.6% equity interest, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 32% market share based on the 2022 revenues. 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 418 pharmacies (of which 402 are in Georgia and 16 in Armenia) and 24 franchise stores (of which, two are in Armenia and four in Azerbaijan).

1Q24 performance (GEL '000), Retail (pharmacy)²¹

INCOME STATEMENT HIGHLIGHTS	1Q24	1Q23	Change
Revenue, net	203,711	196,549	3.6%
Of which, retail	167,945	154,464	8.7%
Of which, wholesale	35,766	42,085	-15.0%
Gross Profit	59,815	56,983	5.0%
Gross profit margin	29.4%	29.0%	0.4 ppts
Operating expenses (ex. IFRS 16)	(44,275)	(36,467)	21.4%
EBITDA (ex. IFRS 16)	15,540	20,516	-24.3%
EBITDA margin, (ex. IFRS 16)	7.6%	10.4%	-2.8 ppts
Net profit (ex. IFRS 16)	6,748	20,598	-67.2%
CASH FLOW HIGHLIGHTS			
Cash flow from operating activities (ex. IFRS 16)	19,566	14,571	34.3%
EBITDA to cash conversion	125.9%	71.0%	54.9 ppts
Cash flow used in investing activities²²	(5,226)	6,826	NMF
Free cash flow, (ex. IFRS 16)²³	13,326	19,450	-31.5%
Cash flow used in financing activities (ex. IFRS 16)	(25,511)	(8,066)	NMF
BALANCE SHEET HIGHLIGHTS	31-Mar-24	31-Dec-23	Change
Total assets	611,444	631,218	-3.1%
Of which, cash and bank deposits	48,928	60,383	-19.0%
Of which, securities and loans issued	2,278	2,623	-13.2%
Total liabilities	566,686	597,611	-5.2%
Of which, borrowings	207,324	228,261	-9.2%
Of which, lease liabilities	158,451	151,916	4.3%
Total equity	44,759	33,607	33.2%

INCOME STATEMENT HIGHLIGHTS

- The y-o-y increase in 1Q24 retail revenue is attributable to the combination of the following factors:
 - Expansion of the retail chain - the business added 40 pharmacies and 13 franchise stores over the last 12 months.
 - Increased demand for seasonal medicines due to the increased flu activity in 1Q24 compared to 1Q23.
 - The revenue growth was partially affected by price regulations, which set a maximum selling retail price for both prescription and non-prescription medicines. The list of regulated products, initially identified in 2023, was expanded further in 1Q24. This resulted in a negative impact of GEL 2.3 million on the retail revenue growth in 1Q24. In response to these regulatory challenges, the business has launched various initiatives aimed at optimising the retail chain and enhancing the sales and profitability of para-pharmacy products.
- The developments in 1Q24 wholesale revenue reflect:

²¹ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>. In 1Q24, certain transaction-related expenses, such as POS-terminal charges, courier services, and other related expenses, have been reclassified from operating expenses to components of gross profit. The comparative 1Q23 period has been adjusted retrospectively.

²² Of which – cash outflow on capex of GEL 6.2 million in 1Q24 (GEL 4.3 million in 1Q23); proceeds from sale of investment property of GEL 9.2 million in 1Q23.

²³ Calculated by deducting capex and minority acquisition from operating cash flows and adding proceeds from sale of PPE/IP.

- A y-o-y decrease in State revenues, influenced by timing discrepancies in tender occurrences, as well as the State's direct procurement of certain medicines from manufacturers during 1Q24.
- The negative impact of GEL 1.1 million related to the price regulations as described above.
- Gross profit was up by 5.0% y-o-y in 1Q24, mainly driven by a 4.3 ppts improvement in the gross profit margin of para-pharmacy retail revenue (revenue from para-pharmacy, as a percentage of retail revenue, was 36.1% in 1Q24, compared to 38.6% in 1Q23). The y-o-y growth in gross profit in 1Q24 was partially affected by the negative impact of GEL 1.8 million due to the introduction of the price regulations.
- The y-o-y increase in operating expenses (excl. IFRS 16) in 1Q24 was mainly driven by increased rent and salary expenses in line with the substantial expansion of the retail chain and the launch of the new warehouse at the end of 2023. The y-o-y increase in operating expenses (excl. IFRS 16) in 1Q24 further reflects a GEL 1.0 million one-off gain recorded from the sale of an unutilised property in 1Q23.
- As a result of the developments described above the business posted EBITDA (excl. IFRS 16) of GEL 15.5 million in 1Q24 (down 24.3% y-o-y) with EBITDA margin (excl. IFRS 16) of 7.6% (down 2.8 ppts y-o-y).
- Interest expense (excl. IFRS 16) was up by GEL 3.9 million y-o-y to GEL 5.2 million in 1Q24, attributable to the higher average net debt balance, utilised to finance the minority buyout transaction in June 2023.
- The business posted a net profit (excl. IFRS 16) of GEL 6.7 million in 1Q24 (down 67.2% y-o-y), which also reflects one-off costs associated with the termination of contracts due to changes in management.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The net debt balance was down to GEL 156.1 million at 31-Mar-24, from GEL 165.3 million at 31-Dec-23, reflecting robust cash flow generation in 1Q24.
- Strong cash flow from operating activities with a 125.9% EBITDA to cash conversion ratio in 1Q24, reflecting the sale of a significant portion of the inventory stock, partially due to the increased flu activity during the quarter.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The number of pharmacies and franchise stores is provided below:

	Mar-24	Dec-23	Change (q-o-q)	Mar-23	Change (y-o-y)
Number of pharmacies	418	412	6	378	40
Of which, Georgia	402	397	5	368	34
Of which, Armenia	16	15	1	10	6
Number of franchise stores	24	23	1	11	13
Of which, Georgia	18	17	1	7	11
Of which, Armenia	2	2	-	2	-
Of which, Azerbaijan	4	4	-	2	2

- Retail (Pharmacy)'s key operating performance highlights for 1Q24 are noted below:

Key metrics	1Q24	1Q23	Change
Same store revenue growth	0.6%	-3.4%	4.0 ppts
Number of bills issued (mln)	8.1	7.6	5.8%
Average bill size (GEL)	19.6	19.1	2.7%

Discussion of Hospitals Business Results²⁴

The hospitals business, where GCAP owns a 100% equity, is the largest healthcare market participant in Georgia, comprised of 7 Large and Specialty Hospitals, providing secondary and tertiary level healthcare services across Georgia and 27 Regional and Community Hospitals, providing outpatient and basic inpatient services.

1Q24 performance (GEL '000), Hospitals²⁵

INCOME STATEMENT HIGHLIGHTS	1Q24	1Q23	Change
Revenue, net²⁶	80,749	79,657	1.4%
Gross Profit	27,804	28,233	-1.5%
Gross profit margin	34.0%	35.1%	-1.1 ppts
Operating expenses (ex. IFRS 16)	(15,466)	(13,986)	10.6%
EBITDA (ex. IFRS 16)	12,338	14,247	-13.4%
EBITDA margin (ex. IFRS 16)	15.1%	17.7%	-2.6 ppts
Net loss (ex. IFRS 16)	(3,585)	(1,329)	NMF

CASH FLOW HIGHLIGHTS			
Cash flow from operating activities (ex. IFRS 16)	2,502	(3,767)	NMF
EBITDA to cash conversion (ex. IFRS 16)	20.3%	-26.4%	46.7 ppts
Cash flow from investing activities²⁷	17,593	(9,401)	NMF
Free cash flow (ex. IFRS 16)²⁸	20,627	(10,633)	NMF
Cash flow used in financing activities (ex. IFRS 16)	(27,428)	10,849	NMF

BALANCE SHEET HIGHLIGHTS	31-Mar-24	31-Dec-23	Change
Total assets	675,170	707,614	-4.6%
Of which, cash balance and bank deposits	2,292	9,753	-76.5%
Of which, securities and loans issued	11,909	9,557	24.6%
Total liabilities	334,094	357,658	-6.6%
Of which, borrowings	264,873	281,352	-5.9%
Total equity	341,076	349,956	-2.5%

INCOME STATEMENT HIGHLIGHTS

- The Large and Specialty Hospitals and Regional and Community Hospitals represent approximately 65% and 35%, respectively, of the consolidated hospitals business revenue.

Total revenue breakdown	1Q24	1Q23	Change
Total revenue, net	80,749	79,657	1.4%
Of which, Large and Specialty Hospitals	53,872	50,008	7.7%
Of which, Regional and Community Hospitals	27,244	29,942	-9.0%
Of which, Inter-business eliminations	(367)	(293)	25.3%

- The 1Q24 revenue of Large and Specialty Hospitals increased by 7.7% y-o-y. The growth mainly reflects:
 - The resilient underlying performance of this group of hospitals as they continue to introduce a diversified range of new services which partially offset the impact of the new facility regulations introduced in September 2023. This translated into a decrease in the share of revenues from the State from 58.1% in 1Q23 to 54.8% in 1Q24.
 - A y-o-y increase in revenues from Iashvili Paediatric Tertiary Referral Hospital ("Iashvili Hospital") in 1Q24, which was closed during most of 1Q23 due to mandatory regulatory-related renovation works.
- The 1Q24 revenue of our Regional and Community Hospitals was down by 9.0% y-o-y, mainly reflecting the sale of one of the hospitals in 4Q23. Adjusted for this sale, the 1Q24 revenue of Regional and Community Hospitals was up by 7.2% y-o-y, reflecting the positive impact of the previously announced strategic restructuring, enabling the business to enhance services and extract operational efficiencies.
- Consequently, the combined revenue of the hospitals business was up by 1.4% y-o-y in 1Q24.
- The gross profit margin was down by 1.1 ppts y-o-y to 34.0% in 1Q24. This apart from the revenue developments described above, reflects the following trends in direct salary and materials rates²⁹ and utility costs:
 - The direct salary rate was up 1.7 ppts to 39.6% y-o-y in 1Q24, mainly attributable to increased minimum salary rates for medical staff.
 - The materials rate was up 0.6 ppts y-o-y to 16.8% in 1Q24.
 - Utilities and other costs were managed effectively, down 19.2% y-o-y.
- Operating expenses (excl. IFRS 16) were up by 10.6% y-o-y in 1Q24, resulting from a) an organic increase in the impairment of receivables, in line with the increased share of out-of-pocket revenues, which are typically characterised by higher

²⁴ The numbers were adjusted retrospectively to account for the recent strategic reorganisation in the healthcare businesses that occurred in December 2023.

²⁵ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

²⁶ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

²⁷ Of which - capex of GEL 11.4 million in 1Q24 (GEL 8.5 million in 1Q23); proceeds from the sale of property of GEL 29.6 million in 1Q24 (GEL 1.6 million in 1Q23).

²⁸ Operating cash flows less capex, plus net proceeds from the sale of Batumi Hospital.

²⁹ The respective costs divided by gross revenues.

impairment costs and b) high base effect of the gain recorded on the sale of an unutilised property in 1Q23 (adjusted for this sale, the operating expenses (excl. IFRS 16) were up by 5.3% y-o-y in 1Q24).

- The developments described above translated into a 13.4% decrease in EBITDA (excluding IFRS 16) in 1Q24.

Total EBITDA (excl. IFRS 16), breakdown	1Q24	1Q23	Change
Total EBITDA (excl. IFRS 16)	12,338	14,247	-13.4%
<i>Of which, Large and Specialty Hospitals</i>	<i>9,090</i>	<i>9,889</i>	<i>-8.1%</i>
<i>Of which, Regional and Community Hospitals</i>	<i>3,248</i>	<i>4,359</i>	<i>-25.5%</i>

- Net interest expense (excluding IFRS 16) was up by 5.2% in 1Q24, reflecting an increased average net debt balance utilised to finance significant capex investments related to new facility regulations in 2H23.
- As a result, the business posted a net loss (excluding IFRS 16) of GEL 3.6 million in 1Q24.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Capex investment was GEL 11.4 million in 1Q24, which reflects a) the maintenance capex of GEL 4.0 million and b) GEL 2.7 million capex related to the new regulations, which also takes into account capex investments for obtaining required accreditations.
- In 1Q24, the business collected GEL 29.5 million cash proceeds from the sale of one of its regional and community hospitals, which were primarily utilised for deleveraging the hospitals business's balance sheet. This translated into a 4.3% q-o-q decrease in the net debt balance in 1Q24.
- EBITDA to cash conversion ratio stood at 20.3% in 1Q24, reflecting the one-off administrative delays in the collection of receivables from the State in 1Q24. This was attributed to the integration of the community hospitals, formerly managed under Clinics and Diagnostics, into the hospitals business in 4Q23. On the contrary, the mentioned restructuring had a positive impact on the EBITDA to cash conversion ratio of the clinics and diagnostics business, as detailed on page 16 below. The trend is expected to normalise in the coming months.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business key operating performance highlights for 1Q24 are noted below:

Key metrics	1Q24	1Q23	Change
<i>Number of admissions (thousands)</i>	<i>414.3</i>	<i>361.0</i>	<i>14.8%</i>
<i>Of which, Large and Specialty Hospitals</i>	<i>176.9</i>	<i>139.7</i>	<i>26.6%</i>
<i>Of which, Regional and Community Hospitals</i>	<i>237.4</i>	<i>221.3</i>	<i>7.3%</i>
Occupancy rates:			
<i>Large and Specialty Hospitals</i>	<i>69.8%</i>	<i>54.2%</i>	<i>15.6 ppts</i>
<i>Regional Hospitals</i>	<i>75.0%</i>	<i>53.4%</i>	<i>21.6 ppts</i>

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

As at 31-Mar-24, the insurance business comprises a) Property and Casualty (P&C) insurance business and b) medical insurance business. The P&C insurance business is a leading player with a 30% market share in property and casualty insurance based on gross premiums as of 31-Dec-23. P&C also offers a variety of non-property and casualty products, such as life insurance. The medical insurance business is one of the country's largest private health insurers, with an 18% market share based on net insurance premiums as of 31-Dec-23, offering 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.

In April 2024, our medical insurance business completed the previously announced acquisition of a GEL 87 million portfolio of insurance contracts and brand name from "Ardi," the third-largest player in the Georgian health insurance market with a 17% market share based on FY23 net insurance premiums. This acquisition positions GCAP's medical insurance business as the largest health insurer in the country and offers an opportunity to diversify our portfolio and achieve significant financial and strategic synergies. The total cash outflow for this transaction amounts to GEL 26.4 million, which will be fully financed by funds already available in the medical insurance business, with no cash investment required from GCAP. The financial impact of the acquisition will be reflected in the 2Q24 results. Following this acquisition, GCAP's insurance business operates under three distinct brand names: Aldagi, specialising in P&C insurance, and Imedi L and Ardi, both specialising in medical insurance.

1Q24 performance (GEL'000), Insurance (P&C and Medical)

INCOME STATEMENT HIGHLIGHTS	1Q24	1Q23	Change
Insurance revenue	54,991	46,231	18.9%
<i>Of which, P&C Insurance</i>	31,496	24,421	29.0%
<i>Of which, Medical Insurance</i>	23,495	21,810	7.7%
Net underwriting profit	14,218	13,264	7.2%
Net investment profit	3,322	2,474	34.3%
Pre-tax profit	7,768	7,740	0.4%
<i>Of which, P&C Insurance</i>	6,301	5,677	11.0%
<i>Of which, Medical Insurance</i>	1,467	2,063	-28.9%
CASH FLOW HIGHLIGHTS	1Q24	1Q23	Change
Net cash flows from operating activities	7,616	8,369	-9.0%
Free cash flow	6,299	7,671	-17.9%
BALANCE SHEET HIGHLIGHTS	31-Mar-24	31-Dec-23	Change
Total assets	248,274	248,902	-0.3%
Total equity	132,531	130,684	1.4%

INCOME STATEMENT HIGHLIGHTS

- The increase in 1Q24 insurance revenue reflects a combination of factors:
 - The revenue of the P&C insurance business was up by 29.0% y-o-y in 1Q24, resulting from:
 - A GEL 5.0 million y-o-y increase in Motor insurance revenues in 1Q24, mainly attributable to the growth in the retail client portfolio.
 - A GEL 1.2 million y-o-y increase in Credit Life insurance revenues in 1Q24, driven by the growth of banks' portfolios in the mortgage, consumer loan, and other sectors.
 - A GEL 0.9 million y-o-y increase in the revenues from other insurance lines.
 - The revenue of the medical insurance business was up by 7.7% y-o-y in 1Q24, resulting from c.10% increase in the prices of insurance policies.
- The insurance business's key performance ratios for 1Q24 are noted below:

Key ratios	P&C Insurance			Medical Insurance		
	1Q24	1Q23	Change (y-o-y)	1Q24	1Q23	Change (y-o-y)
Combined ratio	87.1%	82.8%	4.3 ppts	97.2%	95.8%	1.4 ppts
Expense ratio	33.7%	35.5%	-1.8 ppts	16.2%	15.3%	0.9 ppts
Loss ratio	54.0%	52.7%	1.3 ppts	81.0%	80.5%	0.5 ppts
FX ratio	-0.6%	-5.4%	4.8 ppts	-	-	-
ROAE ³⁰	31.6%	25.7%	5.9 ppts	16.1%	19.8%	-3.7 ppts

- The combined ratio of P&C Insurance increased by 4.3 ppts y-o-y to 87.1% in 1Q24, mainly resulting from foreign exchange rate movements on the business's insurance operations.
- The combined ratio of Medical Insurance increased by 1.4 ppts y-o-y to 97.2% in 1Q24, reflecting a) a slight increase in the expense ratio (up 0.9 ppts y-o-y) due to the increased salaries and other employee benefits in line with the business growth, and b) a 0.5 ppt increase in the loss ratio, driven by increased insurance claims on the back of the increased flu activity in 1Q24 compared to 1Q23.
- The net investment profit was up by 34.3% y-o-y in 1Q24, attributable to the FX movements and higher average liquid funds balance.
- As a result of the developments described above, the pre-tax profit of the combined insurance business remained largely flat, up 0.4% y-o-y in 1Q24.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The solvency ratio of P&C and medical insurance businesses stood at 165% and 140%, respectively, as of 31 March 2024, significantly above the required minimum of 100%.
- A y-o-y decrease in the net cash flows from operating activities reflects the cash outflows of GEL 1.9 million related to the reimbursement of a significant property insurance claim that was incurred in 1Q23 and reimbursed in 1Q24.
- GEL 4.9 million dividends were paid to GCAP in 1Q24.

³⁰ Calculated based on average equity, adjusted for preferred shares.

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, the business has a pipeline of renewable energy projects 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\$.

1Q24 performance (US\$ '000), Renewable Energy³¹

INCOME STATEMENT HIGHLIGHTS	1Q24	1Q23	Change
Revenue	2,645	1,805	46.5%
Of which, PPA	1,573	1,805	-12.9%
Of which, Non-PPA	1,072	-	NMF
Operating expenses	(872)	(908)	-4.0%
EBITDA	1,773	897	97.7%
EBITDA margin	67.0%	49.7%	17.3 ppts
Net loss	(575)	(1,713)	-66.4%
CASH FLOW HIGHLIGHTS			
Cash flow from operating activities	1,141	572	99.5%
Cash flow used in investing activities	(856)	(1,542)	-44.5%
Cash flow used in financing activities	(5,162)	(809)	NMF
Repayment of borrowings	(5,186)	-	NMF
Dividends paid out	-	(2,000)	NMF
BALANCE SHEET HIGHLIGHTS			
	31-Mar-24	31-Dec-23	Change
Total assets	117,586	122,579	-4.1%
Of which, cash balance	5,560	10,525	-47.2%
Total liabilities	79,543	83,911	-5.2%
Of which, borrowings	77,237	80,935	-4.6%
Total equity	38,043	38,667	-1.6%
INCOME STATEMENT HIGHLIGHTS (GEL)			
	1Q24	1Q23	Change
Revenue	7,091	4,705	50.7%
EBITDA	4,755	2,339	103.3%

INCOME STATEMENT HIGHLIGHTS

- The y-o-y increase in 1Q24 revenue in US\$ terms was driven by a 46.5% y-o-y improvement in electricity generation in 1Q24. This reflects:
 - The resumption of operations of two power-generating units of Hydrolea HPPs, which were taken offline during the November 2022-June 2023 periods due to previously planned phased rehabilitation works.
 - A 5.4% and 6.5% y-o-y decrease in electricity generation at 30MW Mestiachala HPP and 21MW Qartli wind farm, respectively, in 1Q24, resulting from the unfavourable weather conditions during the quarter.
- The average electricity selling price remained flat at 62.6 US\$/MWh in 1Q24 (62.4 US\$/MWh in 1Q23).
- Approximately 60% of electricity sales during 1Q24 were covered by long-term fixed-price power purchase agreements (PPAs) formed with a Government-backed entity, compared to 100% during 1Q23, reflecting the expiration of PPAs at two power-generating units.

1Q24 revenue and generation breakdown by power assets:

US\$ '000, unless otherwise noted	Revenue from electricity sales	Change y-o-y	Electricity generation (MWh)	Change y-o-y
30MW Mestiachala HPP	78	-6.0%	1,416	-5.4%
20MW Hydrolea HPPs	1,305	249.9%	21,384	221.2%
21MW Qartli wind farm	1,262	-6.4%	19,412	-6.5%
Total	2,645	46.5%	42,212	46.0%

- The operating expenses remained well controlled, down 4.0% y-o-y in 1Q24, which combined with the developments described above, led to a 97.7% y-o-y increase in EBITDA.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- A y-o-y increase in the cash flow from operating activities reflects the increase in 1Q24 EBITDA, as described above.
- A y-o-y increase in the cash outflows from financing activities in 1Q24 reflects the buyback and cancellation of US\$ 5.1 million green bonds in 1Q24, resulting in a decrease in the gross debt balance to US\$74.9 million.

³¹ The detailed IFRS financial statements (in both US\$ and GEL) are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

Discussion of Education Business Results

Our education business currently combines majority stakes in four private school brands operating across seven campuses acquired over the period 2019-2023: 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.

1Q24 performance (GEL '000), Education³²

INCOME STATEMENT HIGHLIGHTS	1Q24	1Q23	Change
Revenue	18,516	13,940	32.8%
Operating expenses	(12,619)	(8,578)	47.1%
EBITDA	5,897	5,362	10.0%
EBITDA Margin	31.8%	38.5%	-6.7 ppts
Net profit	5,039	5,002	0.7%

CASH FLOW HIGHLIGHTS			
Net cash flows from operating activities	6,084	3,096	96.5%
Net cash flows used in investing activities	(4,154)	(15,124)	-72.5%
Net cash flows from financing activities	987	12,539	-92.1%

BALANCE SHEET HIGHLIGHTS	31-Mar-24	31-Dec-23	Change
Total assets	198,997	191,723	3.8%
Of which, cash	10,428	7,535	38.4%
Total liabilities	64,231	62,149	3.4%
Of which, borrowings	29,301	27,750	5.6%
Total equity	134,766	129,574	4.0%

INCOME STATEMENT HIGHLIGHTS

- The 32.8% y-o-y increase in 1Q24 revenues was driven by a) organic growth through strong intakes and a ramp-up of the utilisation and b) expansion of the business through the launch of a new campus in the mid-scale segment and the acquisition of the new campus in the affordable segment during 2023. The revenue growth was partially subdued by GEL's y-o-y appreciation against US\$, as the tuition fees for our premium and international schools are denominated in US\$. On a constant currency basis, the y-o-y revenue growth in 1Q24 amounted to 39.9%.
- Operating expenses were up by 47.1% y-o-y in 1Q24, mainly reflecting increased salary, catering and utility expenses, in line with the expansion of the business.
- Consequently, EBITDA was up by 10.0% y-o-y (up 27.6% on a constant currency basis), while EBITDA margin was down by 6.7 ppts y-o-y in 1Q24, reflecting the early ramp-up stage of the newly launched campuses. The margin is expected to rebound as the utilisation rate of the newly added learner capacity picks up gradually.
- The business posted a net income of GEL 5.0 million in 1Q24, up 0.7% y-o-y, notwithstanding a) lower FX gains recorded in 1Q24 compared to 1Q23, as GEL experienced a more modest appreciation against foreign currencies in 1Q24, and b) an increase in net interest expense due to the higher average net debt balance utilised to partially finance the expansion projects.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Strong cash collection rates (at 89.3% as of 31-Mar-24, slightly below last year's level of 91.3%), combined with enhanced revenue streams, led to a 96.5% y-o-y increase in operating cash flow generation of the business in 1Q24.
- Investing cash outflows of GEL 4.2 million in 1Q24 reflect the investment projects, mainly related to the ongoing construction of a new campus in the midscale segment.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The total number of learners increased by 1,373 learners y-o-y to 5,885 learners at 31-Mar-2024.
- The utilisation rate for the total 7,270 learner capacity was up by 15.2 ppts y-o-y to 80.9% as of 31-Mar-2024.
 - The utilisation rate for the pre-expansion 2,810 learner capacity was 100%.
 - The utilisation of the newly added capacity of 4,460 learners was 68.9%.
- The number of campuses across the different segments is noted below:

	Mar-24	Dec-23	Change (q-o-q)
Total number of campuses	7	7	-
Premium and International segment	1	1	-
Mid-scale segment	2	2	-
Affordable segment	4	4	-

³² The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

Discussion of Clinics and Diagnostics Business Results³³

The clinics and diagnostics business, where GCAP owns a 100% equity interest, is the second largest healthcare market participant in Georgia after our hospitals business. Following the strategic restructuring, as outlined in the hospitals business discussion section on page 11, the business comprises two segments: 1) 18 polyclinics (providing outpatient diagnostic and treatment services) and 14 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – “Mega Lab”.

1Q24 performance (GEL '000), Clinics and Diagnostics³⁴

INCOME STATEMENT HIGHLIGHTS	1Q24	1Q23	Change
Revenue, net³⁵	17,714	14,288	24.0%
Of which, clinics	14,086	11,142	26.4%
Of which, diagnostics	5,378	4,416	21.8%
Of which, inter-business eliminations	(1,750)	(1,270)	37.8%
Gross Profit	8,726	6,323	38.0%
Gross profit margin	49.2%	43.8%	5.4 ppts
Operating expenses (ex. IFRS 16)	(5,157)	(4,372)	17.9%
EBITDA (ex. IFRS 16)	3,569	1,951	83.0%
EBITDA margin (ex. IFRS 16)	20.1%	13.5%	6.6 ppts
Net profit (ex. IFRS 16)	1,343	31	NMF

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	4,728	(58)	NMF
EBITDA to cash conversion (ex. IFRS 16)	132.5%	-3.0%	135.5 ppts
Cash flow used in investing activities	(1,103)	(2,789)	-60.5%
Free cash flow (ex. IFRS 16)³⁶	3,936	(2,763)	NMF
Cash flow used in financing activities (ex. IFRS 16)	(2,455)	4,879	NMF

BALANCE SHEET HIGHLIGHTS

	31-Mar-24	31-Dec-23	Change
Total assets	129,633	135,848	-4.6%
Of which, cash balance and bank deposits	5,671	4,500	26.0%
Of which, securities and loans issued	3,051	8,357	-63.5%
Total liabilities	75,826	83,901	-9.6%
Of which, borrowings	41,143	48,630	-15.4%
Total equity	53,807	51,947	3.6%

Discussion of results, Clinics (GEL '000)

INCOME STATEMENT HIGHLIGHTS	1Q24	1Q23	Change
Revenue, net	14,086	11,142	26.4%
Gross Profit	7,102	5,305	33.9%
Gross profit margin	50.3%	47.1%	3.2 ppts
Operating expenses (ex. IFRS 16)	(4,195)	(3,610)	16.2%
EBITDA (ex. IFRS 16)	2,907	1,695	71.5%
EBITDA margin (ex. IFRS 16)	20.6%	15.0%	5.6 ppts
Net profit (ex. IFRS 16)	1,115	185	NMF

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	4,708	1,352	NMF
EBITDA to cash conversion (ex. IFRS 16)	162.0%	79.8%	82.2 ppts
Cash flow used in investing activities³⁷	(974)	(2,199)	-55.7%
Free cash flow (ex. IFRS 16)	4,045	(756)	NMF
Cash flow used in financing activities (ex. IFRS 16)	(2,390)	3,965	NMF

BALANCE SHEET HIGHLIGHTS

	31-Mar-24	31-Dec-23	Change
Total assets	99,557	105,789	-5.9%
Of which, cash balance and bank deposits	5,605	4,261	31.5%
Of which, securities and loans issued	3,051	8,357	-63.5%
Total liabilities	63,965	71,840	-11.0%
Of which, borrowings	34,743	42,340	-17.9%
Total equity	35,592	33,949	4.8%

INCOME STATEMENT HIGHLIGHTS

- The 26.4% y-o-y increase in 1Q24 revenue reflects the increased demand for high revenue-generating services as well as the growth in the number of registered patients, driven by the business's proactive approach to customer acquisition and service enhancements. The expansion of the business through the launch of two new ambulatory centres in 2H23 also contributed to revenue growth.
- The cost of services in the clinics consists mainly of salaries, cost of providers, materials and utilities:

³³ The numbers were adjusted retrospectively to account for the recent strategic reorganisation in the healthcare businesses.

³⁴ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

³⁵ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.

³⁶ Operating cash flows less capex.

³⁷ Of which capex of GEL 0.7 million in 1Q24 (GEL 2.1 million in 1Q23).

- The trend in salary cost is captured in the direct salary rate³⁸. A significant portion of direct salaries is fixed, which on the back of increased revenue improved by 2.1 ppts y-o-y to 29.9% in 1Q24.
- Materials rate and utility expenses were well-managed, improving by 0.9 ppts and 6.5% y-o-y in 1Q24, respectively.
- The cost of providers mainly consists of outsourced laboratory services, which accounted for c.14% of revenue in 1Q24, up from c.12% in 1Q23. While increased demand for such services led to a 2.0 ppts y-o-y increase in the ratio in 1Q24, their impact on the business's overall profitability is considerably more significant.
- Consequently, the gross profit margin improved by 3.2 ppts y-o-y in 1Q24.
- Operating expenses (excl. IFRS 16) were up by 16.2% y-o-y in 1Q24, reflecting increased salaries and administrative expenses (excl. IFRS 16) in line with the expansion of the business.
- The robust performance of the business translated into a 5.6 ppts y-o-y increase in the EBITDA margin to 20.6% in 1Q24.
- The depreciation expense (excl. IFRS 16) was up 20.7% in 1Q24 y-o-y, in line with the business expansion. When combined with the developments described above, the result was a significant increase in the 1Q24 net profit.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The strong performance of the business translated into a 162.0% EBITDA to cash conversion ratio in 1Q24. This further reflects the positive impact of the strategic reorganisation as outlined in the hospitals business performance overview section on page 11 above.
- The net debt balance was down by 12.2% in 1Q24, reflecting robust cash flow generation during the quarter.
- In 1Q24, the business spent GEL 0.7 million on capex, primarily related to maintenance.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The number of admissions at our clinics is highlighted below:

	1Q24	1Q23	Change
Number of admissions (thousands)	461.4	396.4	16.4%

- The number of polyclinics operated by the business is provided below.

	Mar-24	Mar-23	Change (y-o-y)
Number of polyclinics	18	17	1

As of 31-Mar-24, the total number of registered patients in our polyclinics in Tbilisi reached c.305,000 (c.280,000 as of 31-Mar-23).

Discussion of results, Diagnostics (GEL '000)

INCOME STATEMENT HIGHLIGHTS

	1Q24	1Q23	Change
Revenue, net	5,378	4,416	21.8%
Gross Profit	1,624	1,018	59.5%
Gross profit margin	30.2%	23.1%	7.1 ppts
Operating expenses (ex. IFRS 16)	(962)	(762)	26.2%
EBITDA (ex. IFRS 16)	662	256	158.6%
EBITDA margin (ex. IFRS 16)	12.3%	5.8%	6.5 ppts
Net profit / (loss) (ex. IFRS 16)	228	(154)	NMF

INCOME STATEMENT HIGHLIGHTS

- As part of the post-COVID transition, the business has been actively broadening its client base and diversifying its range of services. This resulted in a 21.8% y-o-y increase in revenues in 1Q24.
- Materials and direct salary rates improved by 1.6 ppts to 38.3% and by 2.7 ppts to 22.9%, y-o-y in 1Q24, respectively.
- As a result, the business recorded a 59.5% and 7.1 ppts y-o-y increase in gross profit and gross profit margin in 1Q24, respectively. The 1Q24 EBITDA was up 158.6% y-o-y, while the EBITDA margin improved by 6.5 ppts y-o-y in 1Q24.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The key operating performance highlights for 1Q24 are noted below:

	1Q24	1Q23	Change
Number of patients served (thousands)	221	207	6.6%
Number of tests performed (thousands)	738	619	19.2%
Average revenue per test GEL	7.3	7.1	2.2%
Average number of tests per patient	3.3	3.0	11.9%

³⁸ The respective costs divided by gross revenues.

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 289.8 million at 31-Mar-24, which represented 7.4% of our total portfolio.

1Q24 aggregated performance highlights (GEL '000), Other Portfolio

	1Q24	1Q23	Change
Revenue	132,397	118,195	12.0%
EBITDA	15,327	3,583	NMF
Net cash flows from operating activities	1,352	10,576	-87.2%

- **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 1Q24, revenue was up by 4.0% y-o-y to GEL 12.3 million reflecting an increase in the retail segment. Similarly, the gross profit was up by 3.4% to GEL 3.2 million in 1Q24 y-o-y. In 1Q24, operating expenses were up by 24.0% y-o-y, reflecting the business growth. As a result, the business posted GEL 0.2 million EBITDA in 1Q24, down by 74.6% y-o-y.
 - **Periodic technical inspection (PTI) business** | PTI business's revenue was up by 20.8% y-o-y to GEL 5.6 million in 1Q24. Revenue growth was driven by an increase in primary vehicle inspections during the quarter. The number of total cars serviced was up by 16.9% y-o-y in 1Q24, respectively, translating into a 29.8% y-o-y increase in EBITDA (1Q24 EBITDA was GEL 2.9 million).
- **Beverages** | The beverages business combines three business lines: a beer business, a distribution business and a wine business.
 - **Beer business** | The gross revenue of the beer business increased by 1.4% y-o-y to GEL 25.2 million in 1Q24, resulting from increased product prices due to higher demand. Sales in hectolitres in 1Q24 were down by 7.5% y-o-y. The average 1Q24 GEL price per litre (average for beer and lemonade) increased by 9.7% y-o-y. The operating expenses were up by 7.3% in 1Q24. Consequently, the EBITDA of the business decreased by 0.9% to GEL 2.3 million in 1Q24.
 - **Distribution business** | Revenue of the distribution business increased by 6.5% y-o-y to GEL 36.4 million in 1Q24. The gross profit margin was down by 1.9 ppts in 1Q24, reflecting the change in product mix. In 1Q24, operating expenses were up by 6.3% y-o-y. As a result, the business posted GEL 0.2 million EBITDA in 1Q24, down by 73.8% y-o-y.
 - **Wine business** | The net revenue of the wine business was up by 83.7% to GEL 17.7 million in 1Q24. The increase was driven by a 98.8% increase in the number of bottles sold in 1Q24, primarily due to a more than 2x increase in exports. The share of exports in total sales was up by 8.2 ppts y-o-y to 92.3% in 1Q24. Operating expenses decreased by 4.8% y-o-y in 1Q24 due to cost savings. Consequently, EBITDA increased to GEL 2.9 million in 1Q24 (from negative 0.8 million in 1Q23).
- **Real estate businesses** | The combined revenue of the real estate businesses increased by 7.4% in 1Q24 at GEL 62.6 million. The 1Q24 EBITDA increased by GEL 7.9 million y-o-y to GEL 7.0 million, mainly resulting from the strong operating performance of the hospitality business (EBITDA up by 84.2% in 1Q24) and remeasurement of the construction budgets for ongoing residential projects at our housing development business.

Basis of presentation

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.

Under IFRS 10, Georgia Capital PLC meets the “investment entity” definition. For more details about the basis of preparation please refer to page 94 in Georgia Capital PLC 2023 Annual report.

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

GLOSSARY

1. **APM** – Alternative Performance Measure.
2. **GCAP** refers to the aggregation of stand-alone Georgia Capital PLC and stand-alone JSC Georgia Capital accounts.
3. **Georgia Capital** and “the Group” refer to Georgia Capital PLC and its portfolio companies as a whole.
4. **NMF** – Not meaningful.
5. **NAV** – Net Asset Value, represents the net value of an entity and is calculated as the total value of the entity’s assets minus the total value of its liabilities.
6. **LTM** – last twelve months.
7. **EBITDA** - Earnings before interest, taxes, non-recurring items, FX gain/losses and depreciation and amortisation; The Group has presented these figures in this document because management uses EBITDA as a tool to measure the Group’s operational performance and the profitability of its operations. The Group considers EBITDA to be an important indicator of its representative recurring operations.
8. **ROIC** – return on invested capital is calculated as EBITDA less depreciation, divided by 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** - Net Capital Commitment, represents an aggregated view of all confirmed, agreed and expected capital outflows at both Georgia Capital PLC and JSC Georgia Capital levels.
23. **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: **(1) a retail (pharmacy) business, (2) a hospitals business, (3) an insurance business (P&C and medical insurance); (4) a renewable energy business (hydro and wind assets) and (5) an education business; and (6) a clinics and diagnostics business.** Georgia Capital also holds other small private businesses across different industries in Georgia; a 20.0% equity stake in the **water utility business** and a 19.7% equity stake (at 31-Mar-24) 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; currency fluctuations and risk, including depreciation of the Georgian Lari, and macroeconomic risk, regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks and other key factors that could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's Annual Report and Accounts 2023. 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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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

Investor Centre Web Address - www.investorcentre.co.uk.

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

Share price information

Shareholders can access both the latest and historical prices via the website

www.georgiacapital.ge