

expect higher sales prices over the next three months.

BUSINESS CONFIDENCE INDEX

1.7

INCREASE

Business confidence ticks up marginally

Q1 2026

Participating Companies

Large



19

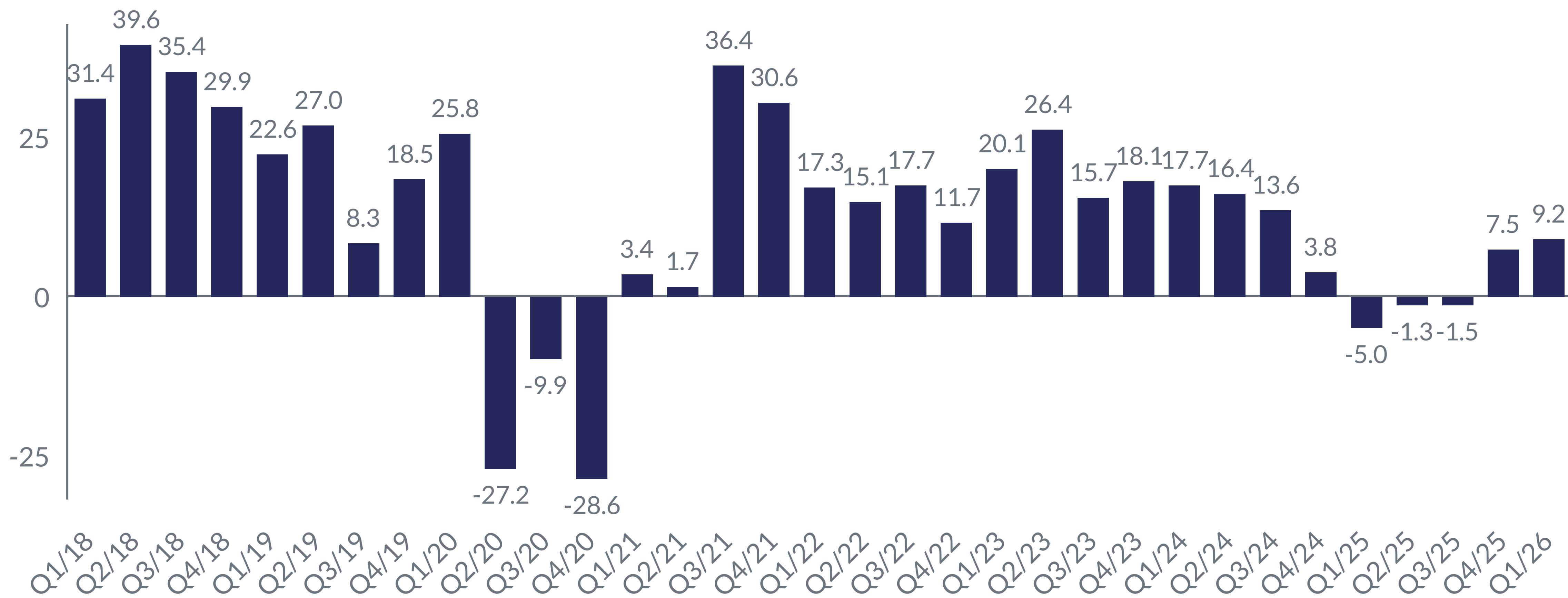
SMEs



72

SURVEY HIGHLIGHTS

Business Confidence Index (BCI)



- For the first quarter of 2026, business confidence in Georgia increased slightly (by 1.7 index points) and reached 9.2. The highest increase in business confidence is observed in the financial (7.3) and agriculture (6.9) sectors.
- The Past Performance Index, which considers the business sector's assessment of their own economic performance in the previous quarter, increased slightly by 1.7 points compared to Q4 2025 and reached 4.5 for Q1 2026, with the trade (13.0) sector showing the biggest improvement.
- Expectations Index, which reflects business optimism, increased insignificantly and amounted to 14.9 index points. Expectations for Q1 2026 increased significantly for agriculture (28.6) sector.
- The Sales Price Expectations Index also increased insignificantly by 0.1 index points and amounted to 19.1, indicating almost no change in the share of businesses that anticipate charging higher prices on their products over the next three months.
- For Q1 2026, qualified labor force and "other" factors are the most significant limiting factors for large companies. As for SMEs, access to finance and lack of demand continue to be the most important challenges.

* The Business Confidence Index is measured on a scale of [-100; 100] points. The size of the index indicates a weighted balance between the respondents giving positive and negative replies. A confidence index of 100 would indicate that all firms in the sample reported a positive outlook. An index of zero would indicate that the weighted balance of positive and negative views reported by firms is about equal or, alternatively, that all firms reported no change in the current business situation (for more details, see the methodological notes).

After a positive performance in the previous quarter, BCI increased again, albeit slightly, by 1.7 and reached 9.2 index points for Q1 2026. Expectations and Sales Price Expectations index in the Georgian private sector, increased insignificantly by 0.1 index points, reaching 14.9 and 19.1, respectively. Business performance over the past three months increased by 1.7 index points (reaching 4.5), indicating a slight upturn in production, turnover, and sales. Compared to the previous quarter.

Compared to Q4 2025, for Q1 2026 business confidence increased in financial (+7.3), agriculture (+6.9) and service (+6.0) sectors, and decreased in the manufacturing (-7.2), trade (-5.3) and construction (-4.2) sectors.



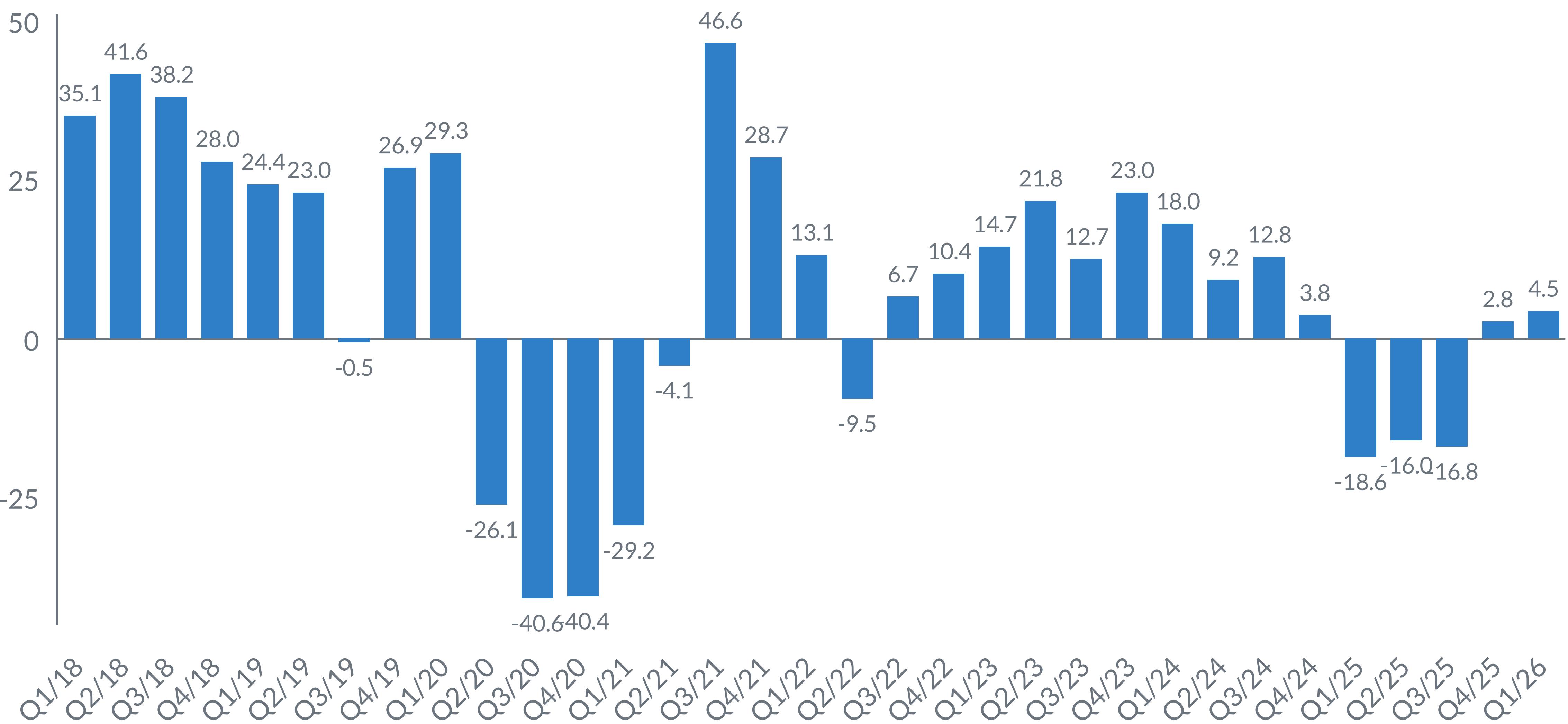
BCI by sectors

Sectors	Q1/26	Change
Manufacturing	12.2	-7.2
Construction	1.8	-4.2
Trade	9.4	-5.3
Service	7.1	6.0
Agriculture	4.0	6.9
Financial	27.3	7.3
Other	14.0	14.0

Business confidence for the first quarter of 2026 has increased by 9.6 index points for large companies, while SMEs showed no change.

It should be noted that the BCI results presented here may be overestimated, as the survey only covers businesses currently operating and not those that have already exited the market. Firms, which exited the market are, to some extent, more likely to demonstrate a negative outlook.

Past Performance Index



Past Performance by sectors

Businesses' Past Performance Index, which shows the development of businesses' production, turnover, and sales in the past 3 months, increased slightly for Q1 2026 compared to the previous quarter. The highest increase was observed in trade (+13.0), followed by financial (+8.3) and construction (+7.3) sectors. The Index decreased in the manufacturing (-11.0), agriculture (-5.7) and service (-2.0) sectors.

Sectors	Q1/26	Change
Manufacturing	7.1	-11.0
Construction	27.3	7.3
Trade	25.0	13.0
Service	-10.3	-2.0
Agriculture	-20.0	-5.7
Financial	8.3	8.3
Other	0.0	0.0

SME



Large



Q1/26 **Change**

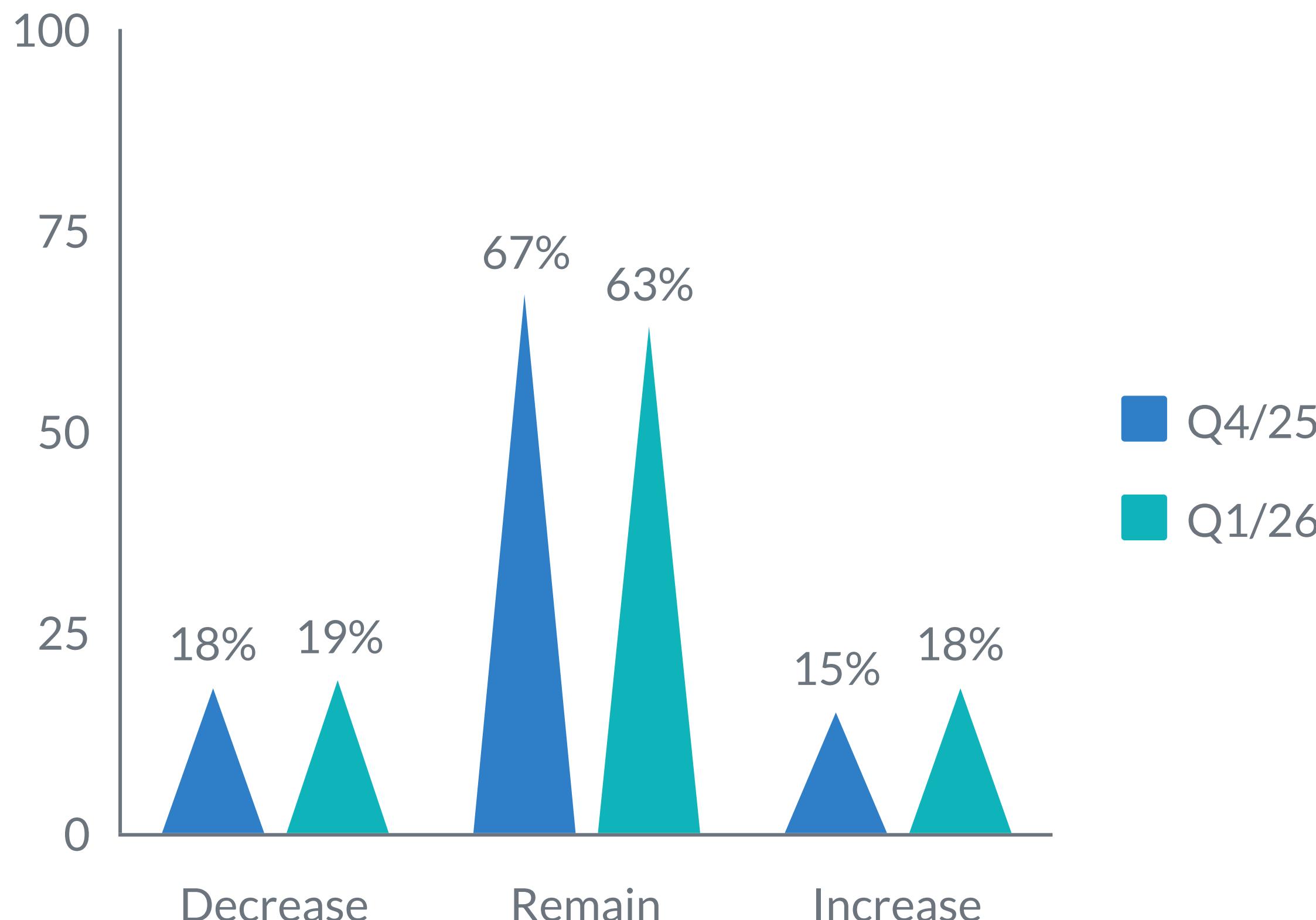
-7.0

Q1/26 **Change**

43.6 **25.2**

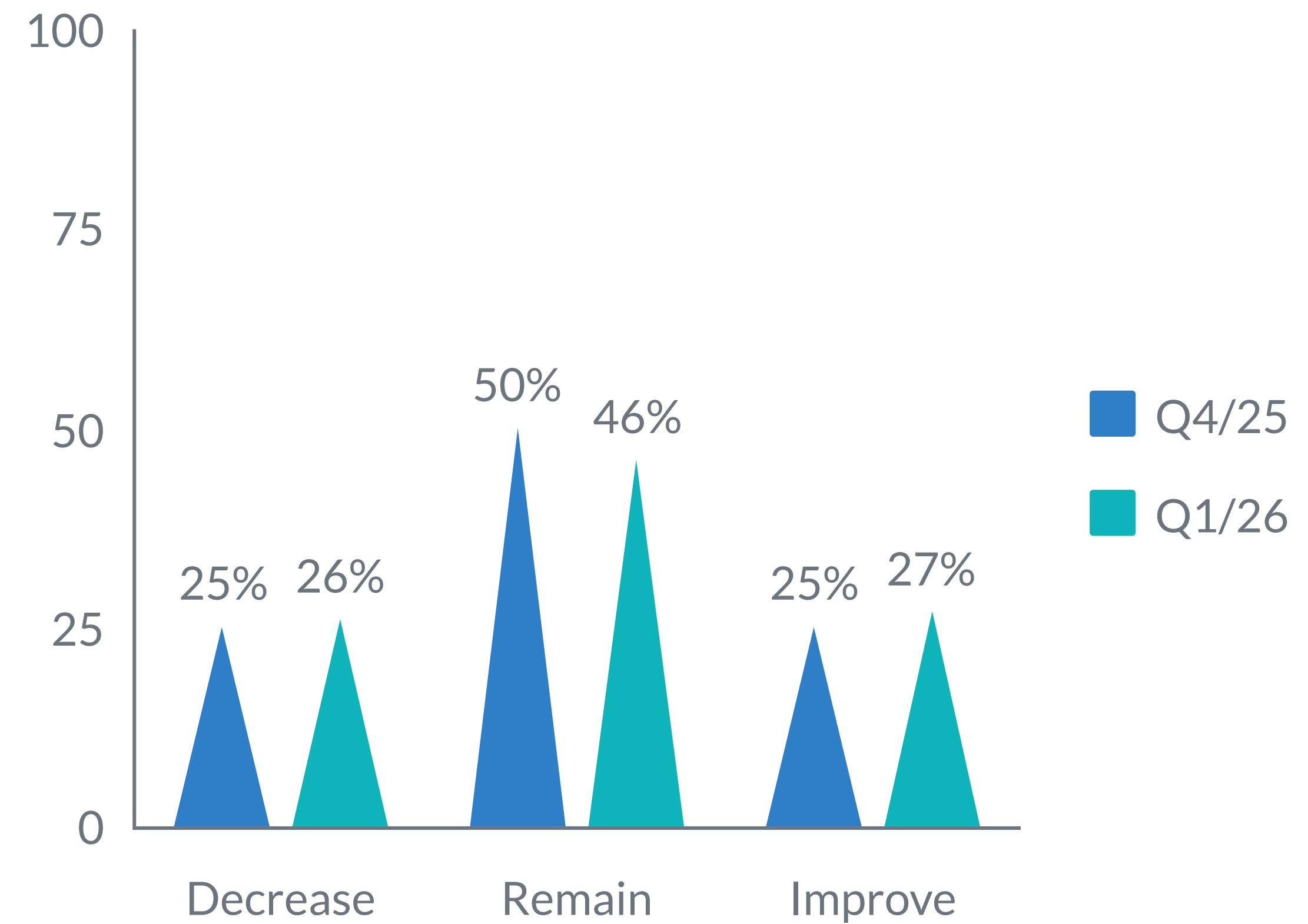
Business activities in the past 3 months have increased by 25.2 points for large companies and decreased by 7.2 points for SMEs.

How has your firm's total employment changed over the past 3 months?



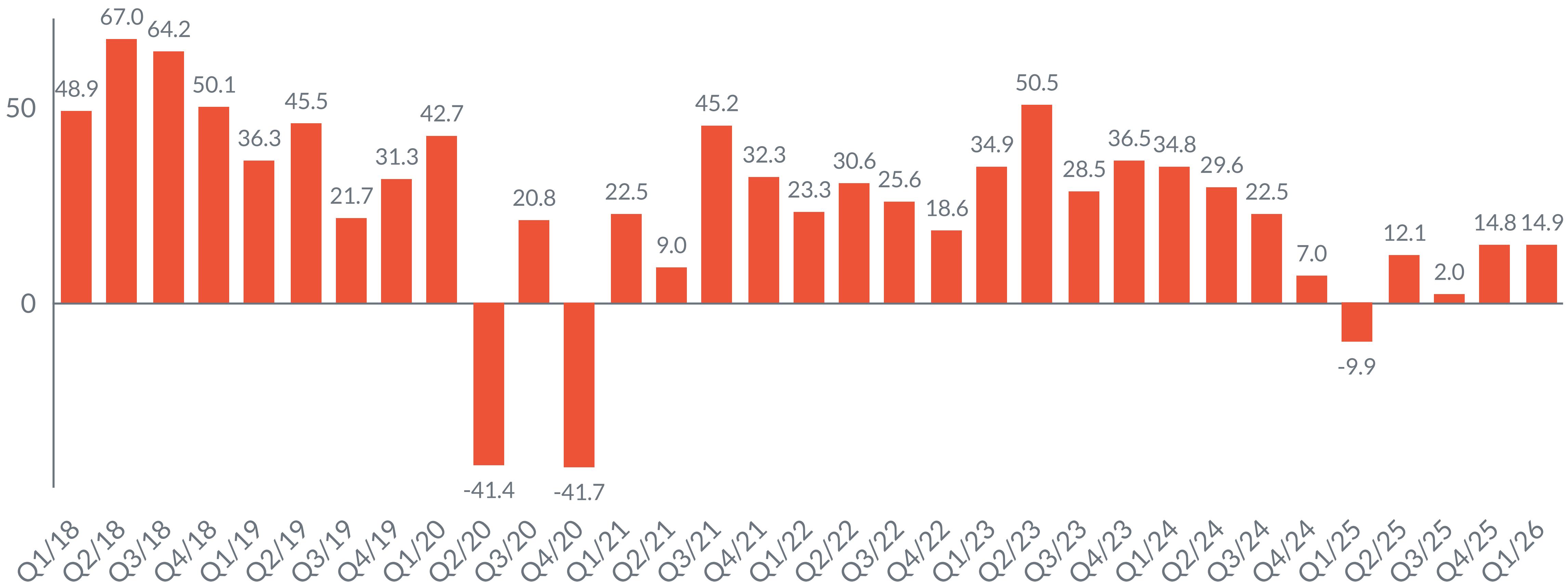
For Q1 2026, 19% of surveyed firms stated that employment had decreased over the past three months; 18% reported an increase, and 63% reported no changes in employment.

How has your business activity developed over the past 3 months?



For Q1 2026, 26% of the companies reported a deterioration in their business activities over the past three months, 27% reported improvement and 46% of firms stated that their business activities remained unchanged.

Expectations Index



Expectations by sectors

Sectors	Q1/26	Change
Manufacturing	42.9	▼ -20.8
Construction	0.0	▼ -10.0
Trade	9.4	▼ -16.6
Service	17.6	▲ 14.9
Agriculture	0.0	▲ 28.6
Financial	18.8	▼ -21.3
Other	10.0	▲ 18.3

SME



Large



Q1/26 Change

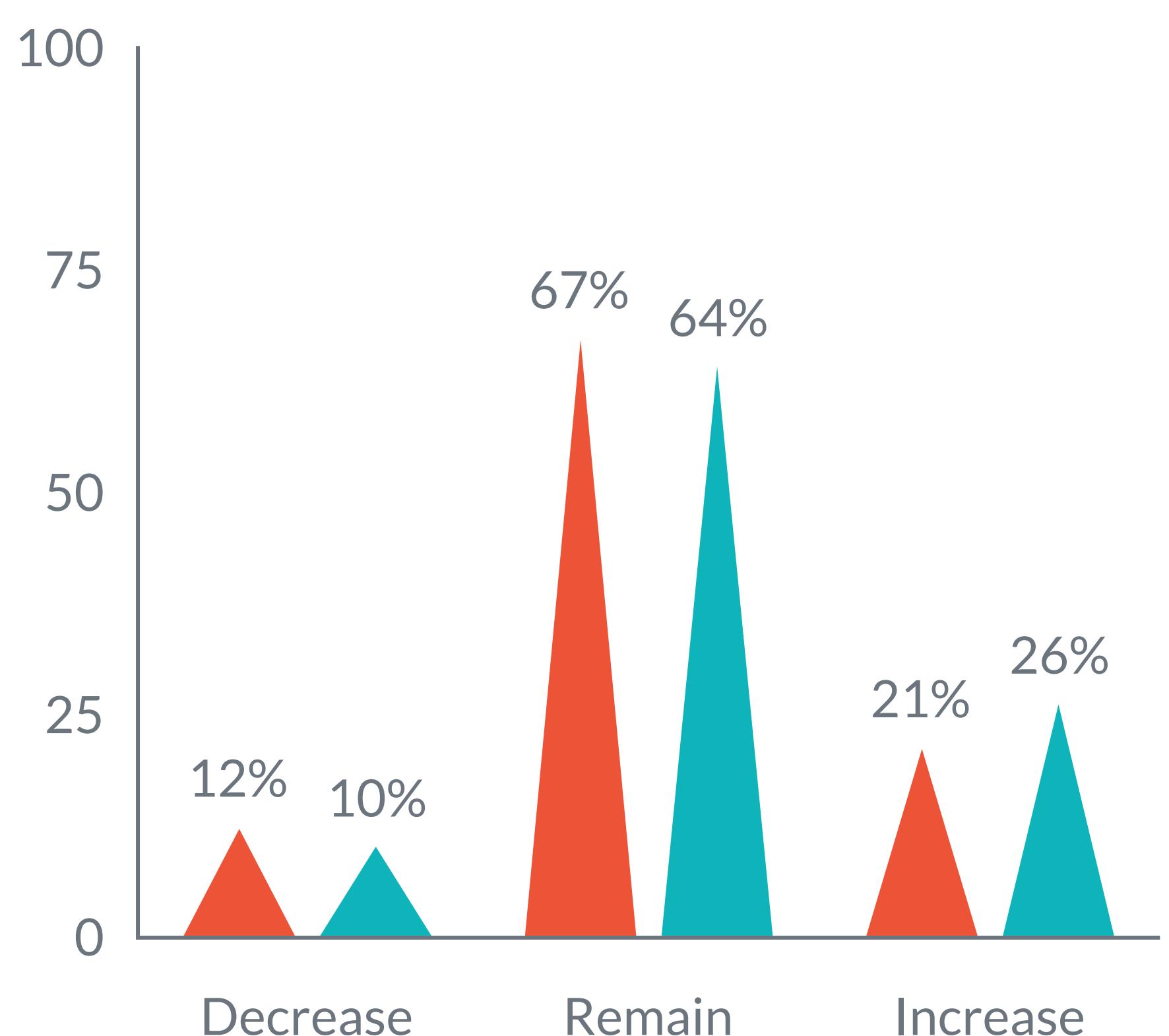
11.1 ▲ 1.6

Q1/26 Change

27.6 ▼ -3.5

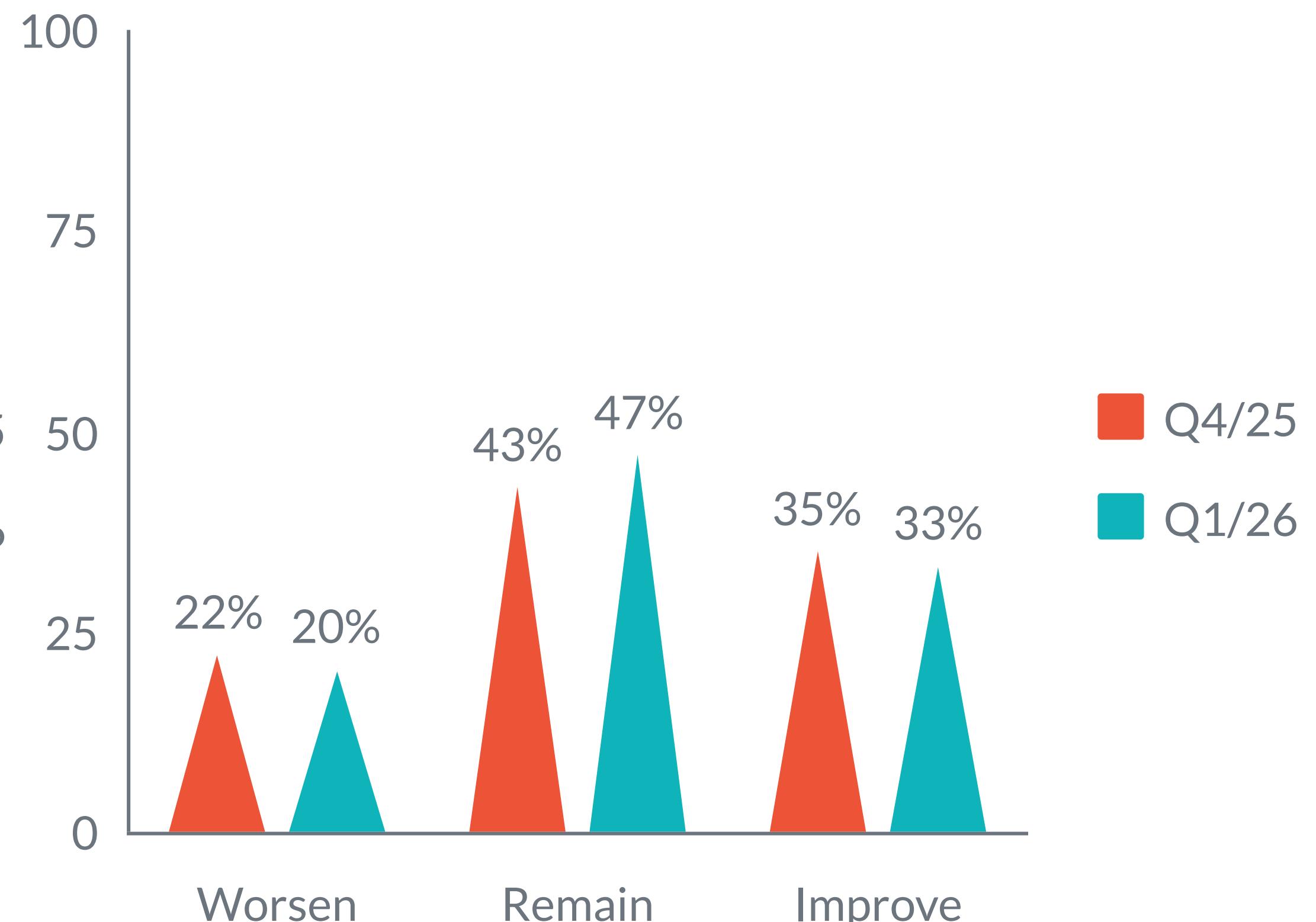
The expectations index has decreased by 3.5 points for large companies and increased by 1.6 points for SMEs.

How do you expect your firm's total employment to change over the next 3 months?



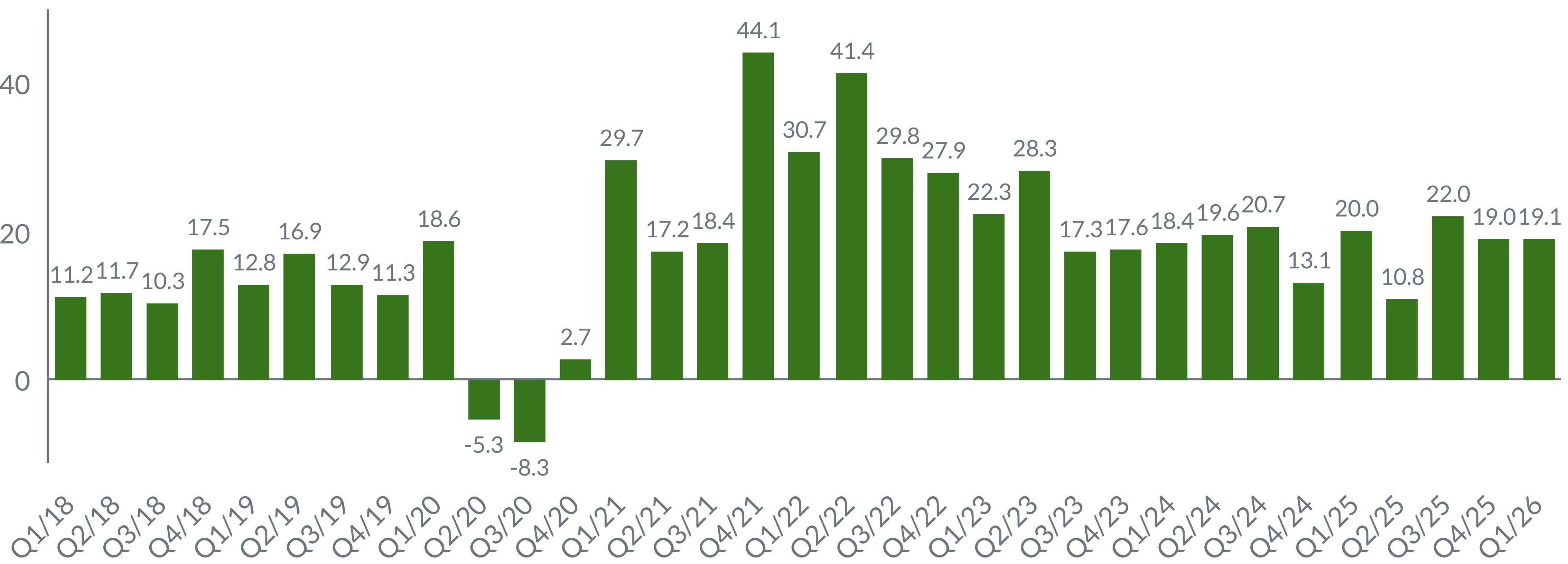
For Q1 2026, 10% of firms stated that they would hire fewer employees in the future, 26% think that they would hire more and 64% of the surveyed businesses do not expect any changes in employment over the next three months.

How do you expect your business condition to change over the next 3 months?



As for the business condition, 20% of the firms surveyed expect the economic condition of their businesses to worsen over the next three months, 33% of businesses believe their business conditions will improve and 47% do not predict any changes.

Sales Price Expectations Index



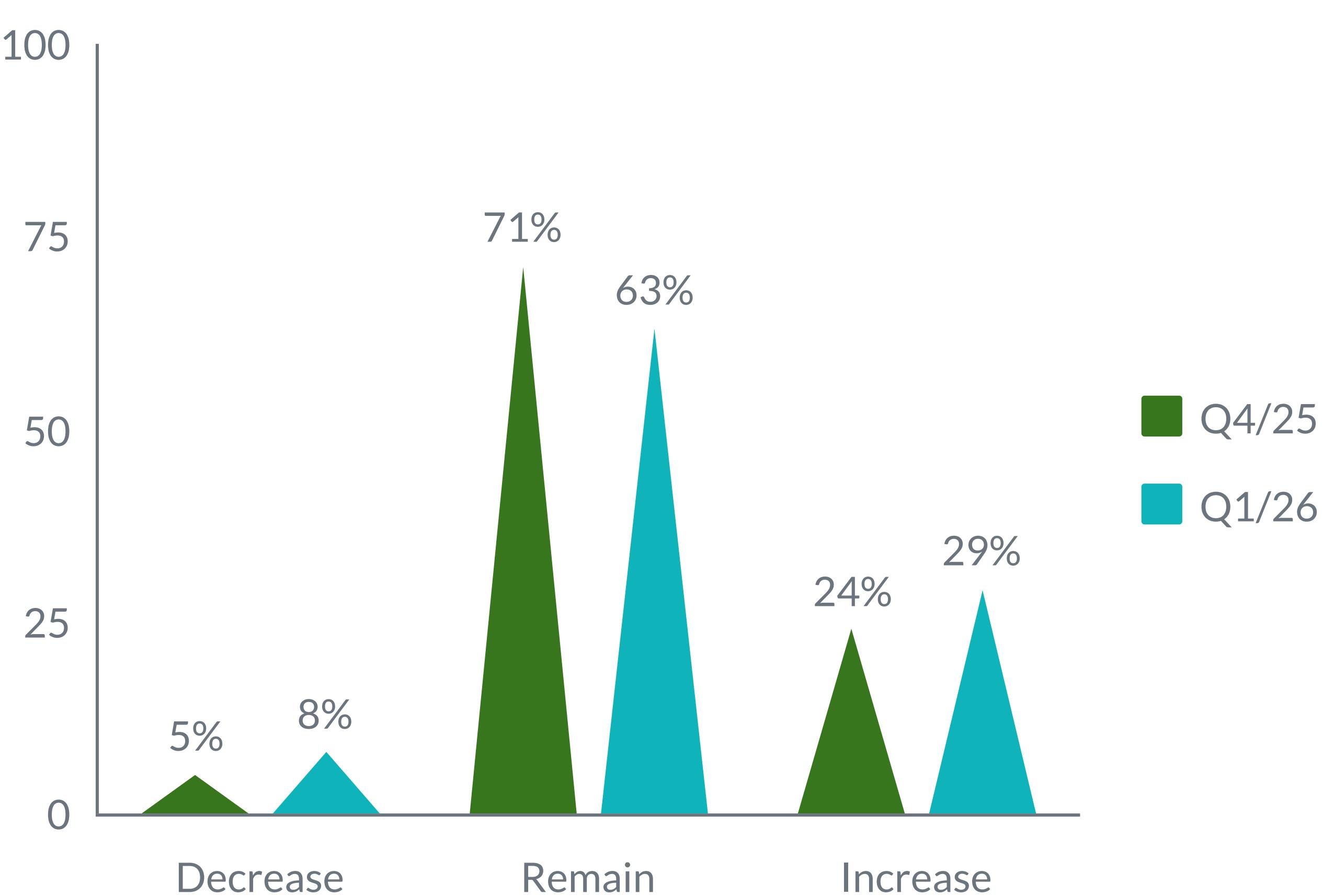
For Q1 2026, the Sales Price Expectations Index increased insignificantly and amounted to 19.1 index points. The highest increase is observed in manufacturing (+24.7), followed by agriculture (+17.1) and service (+4.4) sectors. Index decreased in construction (-38.2) and trade (-12.0) sectors.

For Q1 2026, index decreased by 16.1 points for large companies and increased by 6.0 points for SMEs.

Sales Price Expectations by sectors

Sectors	Q1/26	Change
Manufacturing	42.9	24.7
Construction	-18.2	-38.2
Trade	0.0	-12.0
Service	29.4	4.4
Agriculture	60.0	17.1
other	30.0	30.0

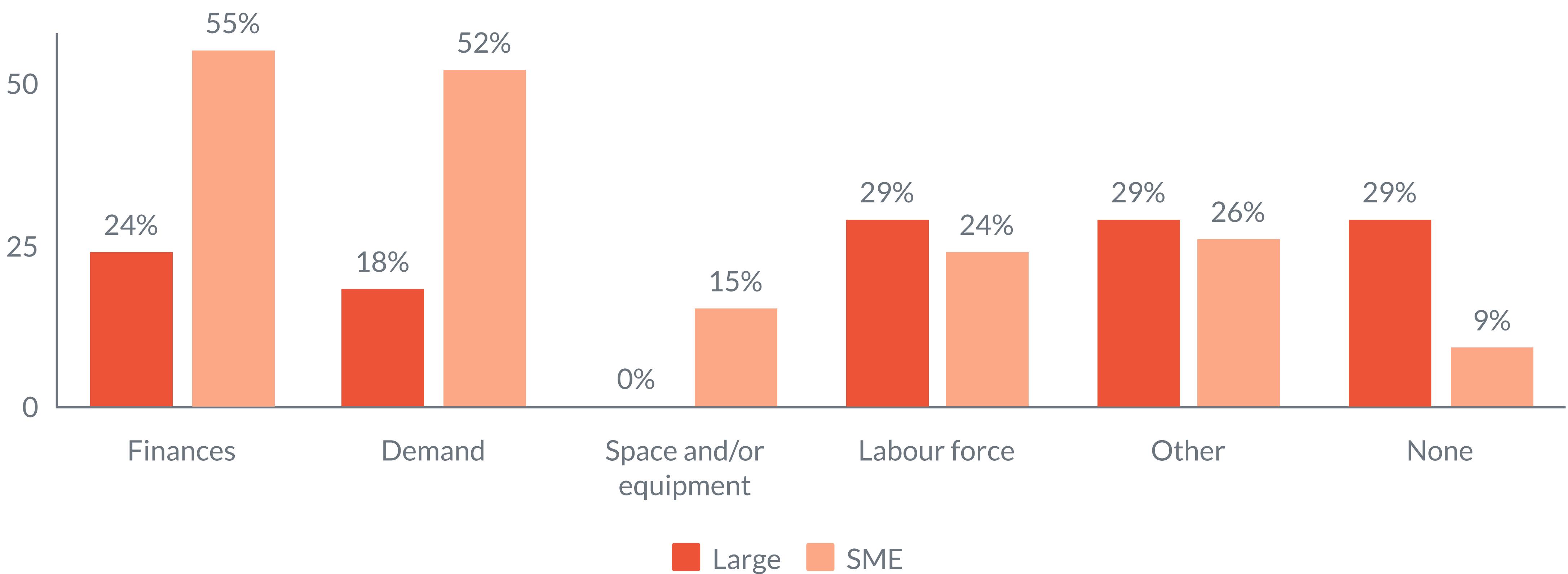
How do you expect the prices you charge to change over the next 3 months?



SME	Q1/26	Change	Large	Q1/26	Change
	23.9	6.0		9.7	-16.1

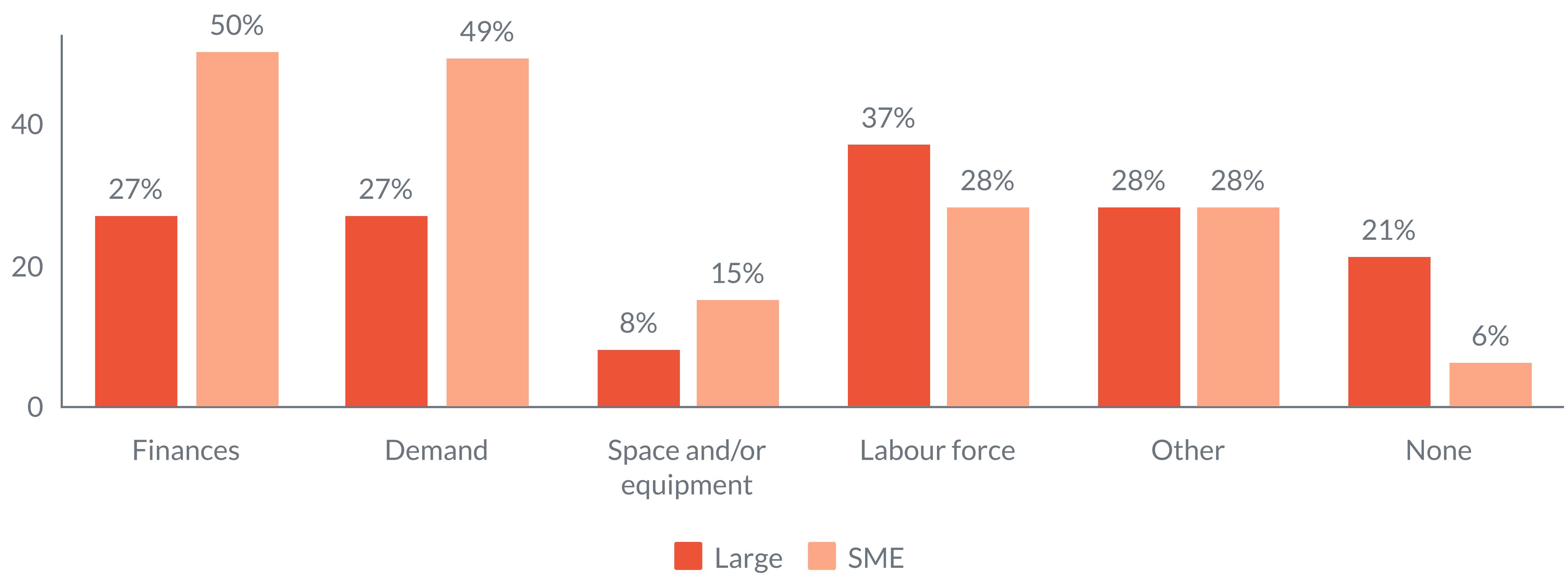
Around 8% of all firms surveyed intend to decrease their prices over the next three months, 29% predict an increase in their prices and the remaining 63% are not planning to change their prices in the near future.

WHAT ARE THE MAIN FACTORS CURRENTLY LIMITING YOUR BUSINESS? Q1, 2026



For Q1 2026, qualified labor force and "other" factors are the most significant limiting factors for large companies. As for SMEs, access to finance and lack of demand continue to be the most important challenges.

WHAT ARE THE MAIN FACTORS CURRENTLY LIMITING YOUR BUSINESS? (FOUR QUARTER AVERAGE Q2 2025 - Q1 2026)



Methodology

The ISET Policy Institute, working in partnership with the BIA (Business Information Agency) and the International Chamber of Commerce in Georgia (ICC), implemented the Business Confidence Survey beginning in December 2013 and publishes the Business Confidence Index (BCI) on a quarterly basis. Business confidence for Georgia is measured by seven sector-specific indices focusing on 1) services, 2) trade, 3) agriculture, 4) manufacturing industry, 5) financial services 6) construction and 7) other sectors. For each sector, confidence is measured through a simple survey instrument targeted at top business executives.

Answers obtained from the surveys are aggregated in the form of “balances.” Balances are constructed as the difference between the percentage of respondents giving positive and negative replies.

Using this method, a confidence index of +100 would indicate that all survey respondents were much more confident about future prospects, while -100 would indicate that all survey respondents were much less confident about future prospects.

The methodology for compiling the indices is based on the Joint Harmonised EU Programme of Business and Consumer Surveys.

DEFINITIONS

- The Business Confidence Index is calculated as a weighted average of the balances deduced from all answers about production/sales/turnover, competition, order books, volume of stock, demand evaluation, operation costs, profit, employment, and sales price setting.
- The Expectations Index is calculated based on two questions: production/sales/turnover for the next three months, and employment plans for the next three months.
- All firms with an average of fewer than 50 people employed for over a year and an annual average turnover of less than 12 million GEL are considered as SMEs
- Rest of the firms are considered as large firms.

For the BCI Methodology, click [here](#)

*** The size of the company is defined according to the Main Indicators' Calculation Methodology of Business Statistics (http://geostat.ge/cms/site_images/_files/georgian/methodology/business/BS_metodologija.pdf).



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Distribution of Participating Firms by Sector and Size

Table 1 - Distribution of firms participating in the BCI survey

Sectors - Number of firms	26/Q1	26/Q1
Manufacturing	7	8%
Construction	11	12%
Trade	16	18%
Service	34	37%
Agriculture	5	5%
Financial	8	9%
Other	10	11%
Source: BCI Survey Data	91	% share

Table 2 - Distribution of industries by value added

Sectors	% in Value Added
Manufacturing	11%
Construction	13%
Trade	19%
Service	36%
Agriculture	7%
Financial	8%
Other	6%

Source: GeoStat

Sectors - Number of firms by size	Large	26/Q1	SME
Manufacturing	1		8
Construction	2		8
Trade	4		21
Service	5		31
Agriculture	2		6
Financial	2		3
Other	3		7
Source: BCI Survey Data	19		72

Maximum number of firms participating in the survey

2016 Q2

Large	SME
104	266

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Business Confidence Index

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