Georgia Capital

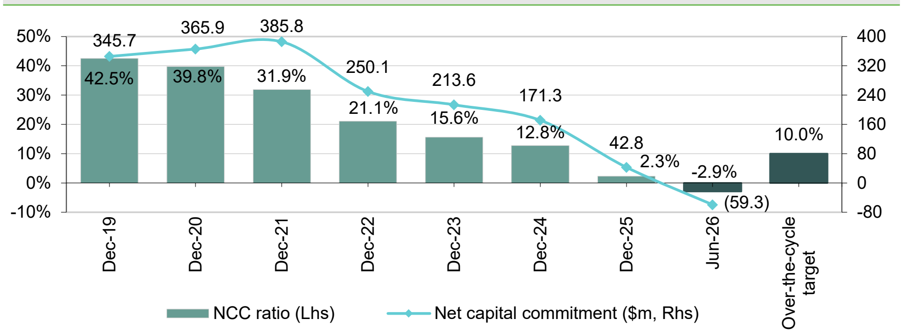
Building on its balance sheet strength

Investment companies
Georgian equities

22 September 2026

Georgia Capital (GCAP) enters its next phase from a considerably stronger financial position, supported by continued growth across its core holdings. Over the 12 months to end-June 2026, GCAP delivered a 49.1% sterling NAV total return (with Lion Finance Group, LFG, as the major contributor), while its share price returned 117.5%, assisted by a sharp narrowing of the discount. GCAP's shares now trade at a 17.4% discount to its 'live' NAV per share (updated to LFG's last closing price) of £56.60 as of 22 September (vs end-June 2026 NAV of £50.10). That said, we estimate that this still implies a c 39% discount to the end-June 2026 carrying value of its private portfolio, despite GCAP's three large private businesses continuing to deliver strong growth, with aggregate revenue and EBITDA up 16.4% and 23.9% y-o-y, respectively, in H126. Strong operating cash flow and asset realisations have transformed GCAP's balance sheet: its net capital commitment (NCC) ratio declined from 31.9% at end-December 2021 to a record-low negative 2.9% at end-June 2026, and the subsequent redemption of its final $50m bond left the holding company debt-free. GCAP has therefore launched a broader GEL1bn capital-allocation programme through end-2029, covering investments in Georgia and Armenia alongside share buybacks and potentially cash dividends.

Exhibit 1: GCAP holding-level deleveraging process



Source: Company data

Why consider GCAP now?

GCAP offers concentrated exposure to market-leading businesses in a fast-growing frontier economy. Four holdings represented 90% of the portfolio at end-June 2026, led by LFG alongside leading positions in retail (pharmacy), healthcare services and insurance. The three large private businesses combine strong earnings growth with improving cash generation: aggregate net operating cash flow increased by 36.2% y-o-y to GEL132m in H126, while leverage across the private portfolio has declined. The narrowing of GCAP's discount (which in previous years set a demanding hurdle for new investments) has materially broadened the range of investment opportunities that can compete with share buybacks for capital. GCAP's GEL1bn programme consequently provides scope for renewed investment in both Georgia and Armenia, while at least half is expected to be deployed through buybacks and dividends. Management has highlighted pharmacy, capital-light healthcare, insurance and education as potential areas for expansion in Armenia, where GCAP already has an operating foothold through its pharmacy chain. More broadly, it favours market-leading, consumer-oriented and relatively capital-light businesses.

Not intended for persons in the EEA.

Price		**4,725.00p**
Market cap		**£1,572m**
NAV		5,660.0p
Discount to NAV		17.4%
Shares in issue		32.4m
Code/ISIN		CGEO/GB00BF4HYV08
Primary exchange		LSE
AIC sector		N/A
Financial year end		31 December
52-week high/low	5,100.0p	2,300.0p
NAV high/low	5,660.0p	3,725.0p

Fund objective

Georgia Capital focuses on scalable private equity opportunities in Georgia. These opportunities have the potential to reach an equity value of at least GEL300m over the next three to five years and the company can monetise investments through exits as investments mature.

Bull points

- Market-leading positions across banking, retail pharmacy, healthcare and insurance.
- A debt-free holding company and lower portfolio leverage provide significant capacity for shareholder returns and selective new investment.
- Current share price still implies a substantial discount to the carrying value of GCAP's private holdings.

Bear points

- High portfolio concentration with four assets making up 90% of portfolio value at end-June 2026.
- New investments in Armenia bear execution risks.
- Investments in a frontier economy such as Georgia is inherently higher risk.

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Edison profile page

Georgia Capital is a research client of Edison Investment Research Limited

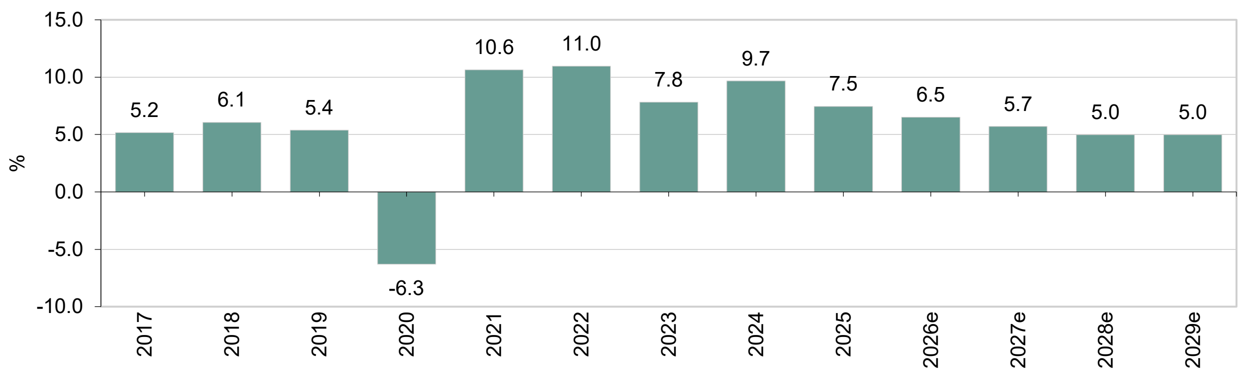
Georgia Capital is a quality play on a fast-growing frontier economy

Georgia has delivered strong economic growth over an extended period, supported by market-oriented reforms, generally prudent macroeconomic policies and its strategic position between Europe and Asia. Real GDP grew by 7.5% in 2025 and an estimated 7.9% y-o-y in the first seven months of 2026. The International Monetary Fund (IMF) forecasts growth of 6.5% in 2026 and 5.7% in 2027, before convergence towards a still-healthy medium-term potential rate of around 5% (see Exhibit 2).

The influx of skilled migrants and financial flows following Russia's invasion of Ukraine in 2022 provided an initial boost, particularly to information and communication technology (ICT) and other services. These exceptional Russia-related effects have gradually normalised, but activity has remained strong, increasingly supported by ICT, transport, education, financial services and manufacturing. Georgia's position in the Middle Corridor between Asia and Europe also offers longer-term potential as regional trade routes diversify, and the IMF notes that external interest has increased as regional trade patterns have shifted. However, infrastructure gaps and competition from alternative routes mean that this potential should not be overstated.

Georgia's resilience to external and domestic shocks has also improved significantly. General government debt fell to around 34% of GDP at end-2025, while the current-account deficit narrowed to a record 2.6% of GDP and foreign-exchange reserves were rebuilt materially. The IMF regards the country's macroeconomic management, fiscal buffers and financial system as broadly sound.

Exhibit 2: Georgia's historical and forecast GDP growth



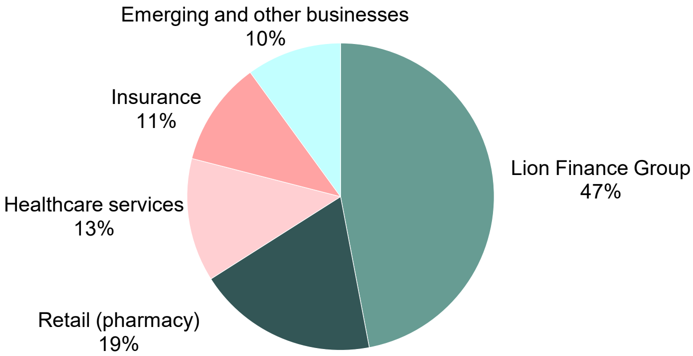
Source: International Monetary Fund

GCAP holds a concentrated portfolio of market leaders

At end-June 2026, four core investments accounted for exactly 90% of GCAP's GEL5.4bn portfolio, increasing its concentration in mature, market-leading businesses. Its minority stake in LSE-listed LFG represented 46.9%, while the three large private businesses in retail pharmacy, healthcare services and insurance accounted for a further 43.1%. The remaining 10% was invested across a smaller group of emerging and other businesses (see Exhibit 3).

LFG, which has grown into a UK 100 banking group in which GCAP held a 14.9% stake at end-June 2026, provides exposure to the leading banking franchises in both Georgia and Armenia. The three large private holdings also occupy strong positions in sectors benefiting from rising domestic consumption and relatively resilient demand. Retail (pharmacy) represented 19.1% of portfolio value and is Georgia's largest pharmaceuticals retailer and wholesaler. Healthcare services accounted for 12.7% and comprises an integrated network of hospitals, clinics and diagnostics, including the largest laboratory in the Caucasus. Insurance represented a further 11.3% and combines the Aldagi Property & Casualty (P&C) franchise with Georgia's largest private medical insurance business.

Exhibit 3: GCAP's portfolio breakdown as of end-June 2026



Source: Georgia Capital data

GCAP's valuation transparency is relatively high for a vehicle with substantial unlisted exposure. LFG is marked to its LSE share price, while Kroll provides independent fair-value ranges at the semi-annual reporting dates for the three large private businesses, renewable energy and education. Kroll primarily uses discounted cash flow analysis, cross-checked against market approaches. Its assessment informs the fair values ultimately determined by GCAP.

GCAP has an active approach to value creation

GCAP combines a long-term holding-company model with private-equity-style investment discipline. It seeks scalable, capital-light opportunities, often in fragmented service industries, and aims to build them into larger market leaders. As an active owner, GCAP focuses on management and governance, strategy and business planning, capital allocation and senior appointments, leaving day-to-day operations to portfolio-company management. It typically looks for businesses capable of reaching at least GEL300m (c $115m at the current spot rate) of equity value within three to five years.

Unlike a traditional private equity fund, GCAP has no fixed fund life or requirement to realise investments within a prescribed timetable. This allows it to retain attractive mature businesses while they continue to generate strong returns and cash flows and to recycle capital when an asset matures, no longer meets its return or scalability criteria, or attracts an appealing valuation. The water utility provides the clearest full-cycle example: after selling an initial 80% stake to international water operator FCC Aqualia in 2022, GCAP exercised its pre-agreed put option over the remaining 20% in 2025. Total proceeds were $250m, representing a 2.9x multiple on invested capital (MOIC) and a 19.1% internal rate of return (IRR) in US dollar terms.

GCAP reduced its LFG stake from 19.23% at end-2024 to 14.9% at end-June 2026, principally to manage US passive foreign investment company (PFIC) risk rather than because its investment view had weakened. Management said on the Q226 call that it continued to regard LFG as undervalued and did not want to reduce the holding substantially. Reducing the smaller emerging and other portfolio remains a strategic priority, although GCAP continues to develop renewable energy and education, which it considers capable of further scale. The June 2026 disposal of m2 was a further step towards monetising holdings that no longer fit the group's preferred growth model.

GCAP also uses operational improvement and selective bolt-on acquisitions to create value within existing platforms. The healthcare services business's acquisition of Gormed in December 2025 illustrates this approach: the network of three hospitals and clinics in central Georgia added around 80,000 capitation patients and was acquired at less than 4x estimated 2026 EBITDA, with scope for administrative and operational efficiencies as it is integrated into the wider healthcare platform.

GCAP has moved from deleveraging to disciplined capital allocation

GCAP has effectively completed the holding-company deleveraging programme that had been a strategic priority since 2022. Its NCC ratio declined from 31.9% at end-December 2021 to a record-low negative 2.9% at end-June 2026 (see Exhibit 1), as net cash exceeded planned investments, announced buybacks and its liquidity buffer. The remaining $50m sustainability-linked bonds were redeemed in August 2026, eliminating holding-company debt. This stronger financial position was recognised by S&P Global Ratings, which upgraded GCAP to BB with a stable outlook in June 2026. GCAP's conservative through-the-cycle NCC target remains 10%.

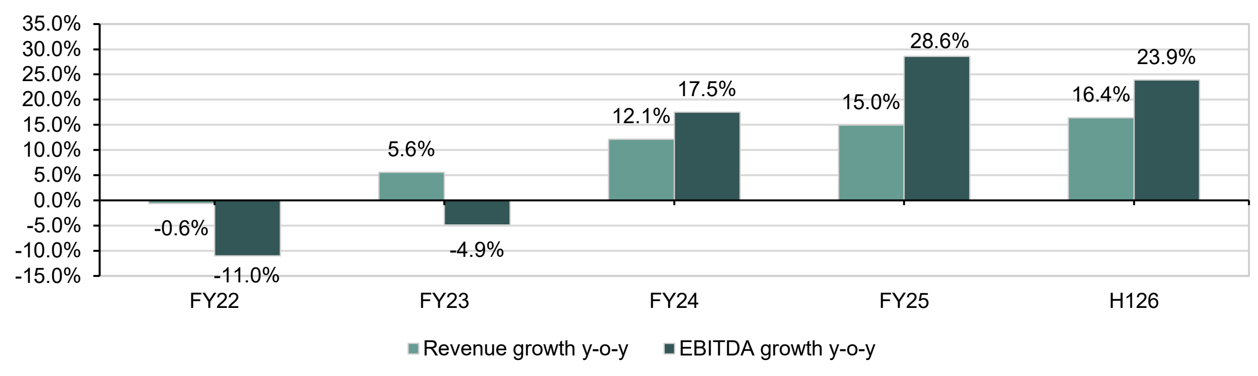
With deleveraging effectively complete, GCAP has shifted its focus to allocating excess cash between shareholder returns and new investments. The GEL700m capital-return programme launched in 2025 combined $150m of bond redemptions with $110m of share buybacks and was completed substantially ahead of its original end-2027 timetable. GCAP subsequently launched a GEL1bn capital-allocation programme through end-2029, combining investments in Georgia and Armenia with share buybacks and potentially cash dividends. The board expects to return at least half of the programme to shareholders. On 14 August 2026, GCAP launched the first tranche of a new $50m share buyback and cancellation programme.

Beyond the commitment to allocate at least half of the programme to capital returns, deployment remains based on relative prospective returns rather than a predetermined split. GCAP compares potential investments and disposals with the alternative of buying back its own shares, effectively reinvesting in the existing portfolio at the prevailing discount to NAV. The very wide discount in previous years made buybacks particularly attractive; as it has narrowed, selective acquisitions have become relatively more attractive. GCAP therefore has greater scope to resume external investment while retaining buybacks where they offer the superior prospective return.

Strong cash generation and lower portfolio leverage support future capital deployment

GCAP's three large private businesses continue to deliver strong underlying earnings growth. Aggregate revenue increased by 19.1% y-o-y in Q226, extending the run of double-digit growth to eight consecutive quarters, while H126 revenue rose by 16.4% y-o-y to GEL1.0bn. Aggregate EBITDA increased by 21.2% y-o-y in Q226 and by 23.9% in H126 to GEL148m. Q226 revenue growth was also well ahead of Georgia's preliminary nominal GDP growth of 11.8%, highlighting the three businesses' strong market positions and execution.

Exhibit 4: Revenue and EBITDA growth of GCAP's large private portfolio companies

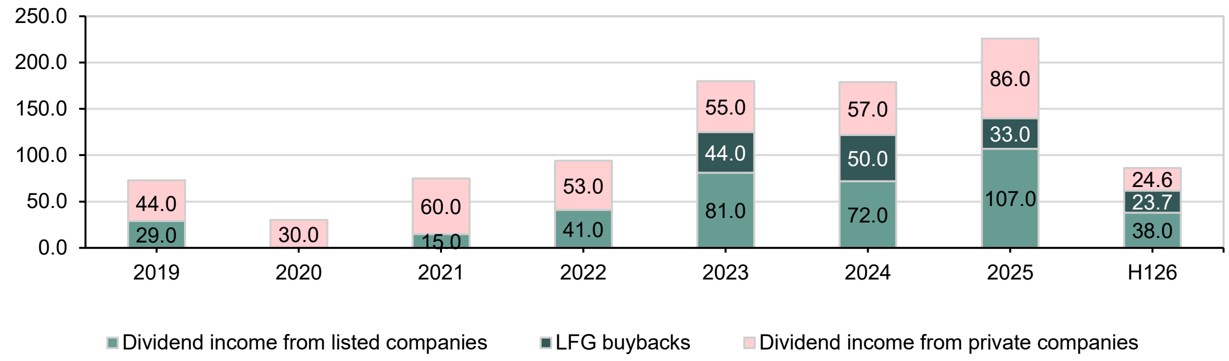


Source: Georgia Capital data

Earnings growth is translating into strong cash generation. The three large private businesses generated aggregate net operating cash flow of GEL245m in FY25, up 14.9% y-o-y, implying EBITDA-to-cash conversion of around 98%. Momentum strengthened further in H126, with net operating cash flow increasing by 36.2% y-o-y to GEL132m, including GEL76m in Q226, up 41.4% y-o-y. Their combined cash balance reached GEL254m at end-June 2026, an increase of 21.1% y-o-y. Aggregate net operating cash flow slightly exceeded EBITDA in Q226, reinforcing the strength of cash conversion.

Recurring distributions provide a direct route for portfolio cash generation to reach GCAP. Dividend income reached GEL225.5m in FY25, including GEL139.9m from LFG and GEL85.7m from the private portfolio, while a further GEL86.3m was recorded in H126. Management expects approximately GEL200m in 2026. The lower headline amount versus FY25 does not in itself imply weaker underlying cash generation: FY25 included five LFG payment periods following the move to quarterly distributions, while GCAP also held a larger LFG stake. LFG remains the largest source of portfolio dividends, contributing around 62% of the FY25 total and 72% in H126. LFG also returns capital through share buybacks under its 30–50% dividend-and-buyback payout policy, supporting value at the investee level, while cash dividends are the more direct source of holding-company liquidity for GCAP.

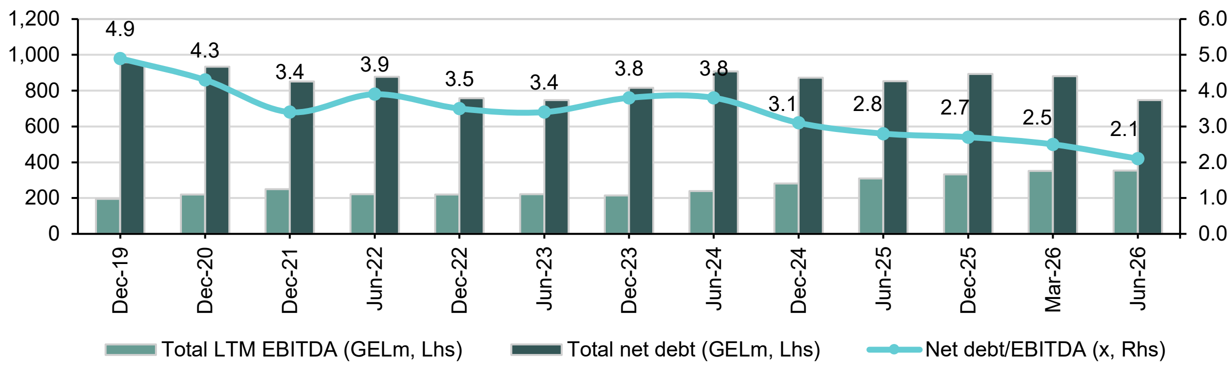
Exhibit 5: GCAP's dividend income and LFG buybacks (GELm)



Source: Georgia Capital data

Portfolio company balance sheets have also strengthened materially. Aggregate net debt/EBITDA across the private businesses declined from 4.9x at end-2019 to a record-low 2.1x at end-June 2026 (see Exhibit 6), supported by lower net debt and substantial EBITDA growth. Among the three large private businesses, retail pharmacy's leverage was just 0.8x, comfortably below its 1.5x target. Insurance was similarly conservatively financed at 0.2x, compared with its 1.0x allowed leverage. The healthcare services business remains the main area of portfolio-level deleveraging, with net debt/EBITDA of 3.5x, above its 3.0x allowed level. The sale of m2 further strengthened the emerging and other portfolio, cutting its net debt, excluding renewable energy leverage, by c 49% and reducing their net debt/EBITDA from 3.8x to 2.0x.

Exhibit 6: Leverage of GCAP's private portfolio



Source: Georgia Capital data

We view lower portfolio leverage and stronger operating cash generation as important enablers of GCAP's next phase of capital deployment. Mature businesses can increasingly finance organic growth and bolt-on acquisitions from their own balance sheets while returning surplus cash to GCAP, reducing the need for holding company capital injections. This should support funding of the GEL1bn capital-allocation programme, although healthcare services remains in an investment and deleveraging phase and LFG continues to account for a significant share of cash distributions.

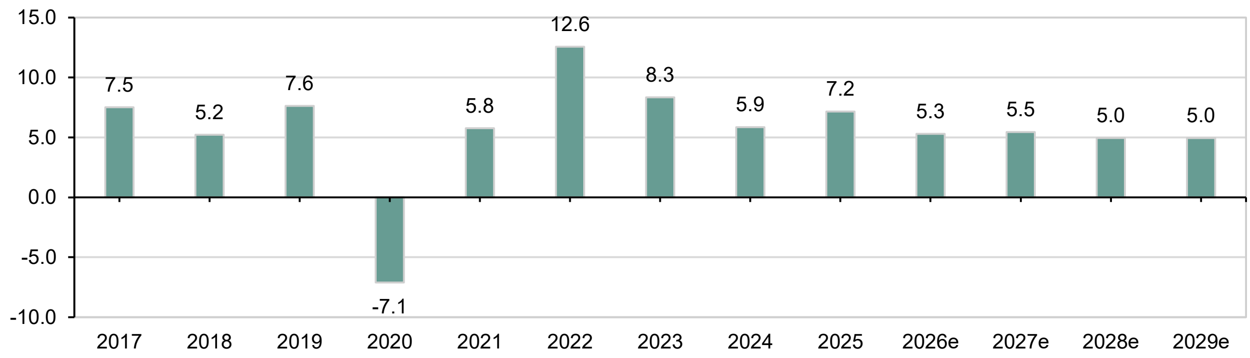
Armenia is emerging as a second growth avenue for GCAP

Georgia remains GCAP's core market, but Armenia is becoming an incremental source of growth and diversification. Existing exposure is predominantly indirect through GCAP's holding in LFG, whose Armenian Financial Services division is centred on Ameriabank, which represented 28.9% of LFG's total assets and was Armenia's largest bank by loans with a 22.9% market share. GCAP also has a direct operating foothold in Armenia through its retail (pharmacy) business. At end-June 2026, it operated 20 pharmacies and three franchise stores in the country, giving GCAP practical experience of the Armenian consumer market and a potential platform for further expansion.

Armenia is now explicitly included in GCAP's future capital-allocation framework. Its new GEL1bn programme through end-2029 allows investment in both Georgia and Armenia. Management increasingly sees the two countries as offering broadly similar medium-term economic growth prospects and therefore sees scope to invest in complementary businesses across the two markets. On the Q226 call, it highlighted pharmacy, capital-light healthcare and insurance as potential areas for bolt-on investment in Armenia and also indicated interest in education opportunities. We expect any expansion to remain selective and consistent with GCAP's preference for market-leading, consumer-oriented and relatively capital-light businesses.

The Armenian macroeconomic backdrop is supportive. The IMF expects real GDP growth of around 5.3% in 2026, broadly in line with Armenia's estimated medium-term potential of around 5%, while LFG forecasts growth of 5.5%. Services, investment and fiscal spending are supporting activity, while external buffers have strengthened and the banking sector continues to expand rapidly.

Exhibit 7: Armenia's historical and forecast GDP growth



Source: International Monetary Fund

There is also potential geopolitical upside. The August 2025 Washington agreements and initialling of an Armenia-Azerbaijan peace treaty represented an important step towards ending decades of conflict, while normalisation discussions with Türkiye are progressing. Armenia is also deepening its relationship with the EU, including through the first EU-Armenia summit in May 2026, which focused on areas including connectivity, energy, transport and digital cooperation. At the same time, Armenia's participation in the Russian-led Collective Security Treaty Organization remains frozen rather than formally terminated, and its economy remains closely linked to Russia through trade, migration and membership of the Eurasian Economic Union. We therefore view Armenia as an incremental source of growth and diversification for GCAP rather than a change in the portfolio's centre of gravity; Georgia should remain the dominant driver for the foreseeable future.

Local political backdrop in Georgia represents downside risk

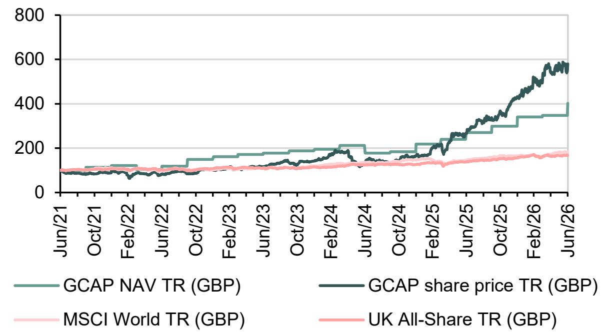
Georgia's strained relationship with the EU and concerns over its political and institutional environment have become an important country risk consideration. The European Council concluded in 2024 that Georgia's accession process was de facto halted, while the European Commission's 2025 enlargement assessment cited serious democratic backsliding and described Georgia as a 'candidate country in name only' unless the authorities reverse course. This contrasts with continued strong public support for EU membership: a Caucasus Research Resource Center survey conducted in August 2025 found that 78% of respondents supported membership, rising to 86% among those aged 18–34. The IMF identifies strained EU relations and domestic policy uncertainty as downside risks to investment and growth. A prolonged deterioration in Georgia's relationship with Western institutions could raise the country's risk premium, increase financing costs, weaken strategic investor appetite and ultimately affect the valuation multiples attached to Georgian assets.

Foreign direct investment (FDI) is therefore an important indicator of whether political uncertainty is beginning to impose a more persistent economic cost. Inflows were exceptionally strong following Russia's invasion of Ukraine, reaching $2.26bn in 2022 and $2.07bn in 2023, before declining by around 23% to $1.59bn in 2024. They recovered by 19.3% to $1.90bn in 2025 despite the worsening domestic political environment. However, reinvested earnings represented 82.5% of 2025 FDI, indicating that the rebound was driven predominantly by profits retained by businesses already operating in Georgia. Preliminary inflows subsequently fell to $750m in H126, around 22% below H125, with Q226 FDI down by 23.2% y-o-y to $468.8m. Geostat attributes the Q2 decline mainly to lower reinvested earnings, while new equity investment remained sizeable at $210.5m, or 44.9% of total FDI. China accounted for 46.8% of Q226 inflows, the UK for 26.3% and the United Arab Emirates (UAE) for 10.2%, illustrating the breadth of Georgia's economic links across Europe, Asia and the Middle East. The data therefore show some softening and warrant close monitoring, but Georgia's strong growth and improved macroeconomic buffers suggest that the risks have not translated into a broad deterioration in economic fundamentals.

Performance: Strong NAV growth and a sharp re-rating

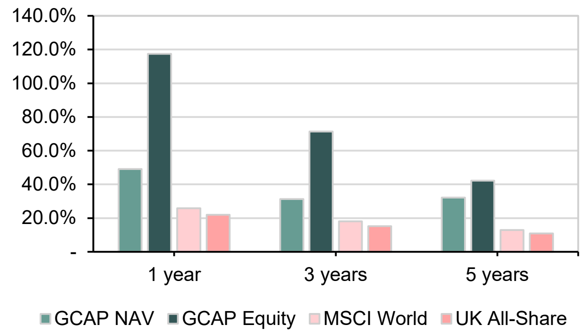
GCAP delivered a 49.1% sterling NAV total return over the 12 months to end-June 2026, well ahead of the 25.8% return from the MSCI World and 21.9% from the UK All-Share index (see Exhibit 8). The share price performed even more strongly, returning 117.5%, as robust NAV growth was accompanied by a substantial re-rating. GCAP's discount to NAV narrowed from 42.8% at end-June 2025 to 16.6% at end-June 2026. LFG, the large private holdings and NAV-accretive buybacks continued to support underlying NAV performance. In Q226, for instance, LFG contributed 9.4pp to the 13.1% NAV per share return in Georgian lari (GEL) terms, while operating performance and valuation changes across the large private portfolio contributed a further 4.6pp.

Exhibit 8: GCAP's price, NAV TR performance versus public indices, five-year rebased



Source: Georgia Capital data, LSEG Data & Analytics, Edison Investment Research. Note: TR, total return.

Exhibit 9: GCAP's price, NAV TR performance versus public indices (%)



Source: Georgia Capital data, LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised. TR, total return.

The strong recent performance adds to GCAP's longer-term track record. In sterling terms, NAV total return was 31.3% per year over three years and 32.1% pa over five years to end-June 2026, compared with 18.1% and 12.9% pa, respectively, for the MSCI World and 15.3% and 10.9% pa for the UK All-Share index. Share price total return was higher still, at 71.3% pa over three years and 42.2% pa over five years. GCAP ranked first in our selected listed private equity peer group by NAV performance over one, three and five years (see Exhibit 10). The comparison is not entirely like-for-like, given GCAP's concentrated country holding-company structure and sizeable listed LFG position, but the scale of the outperformance remains notable.

Exhibit 10: Peer group comparison as of 15 September 2026* (% unless otherwise stated)

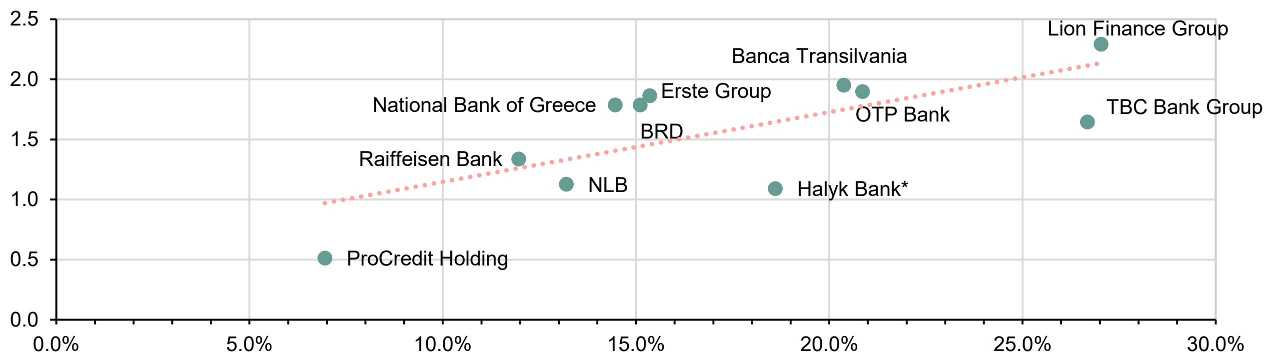
	Market cap (sterling)	NAV TR (1-year)	NAV TR (3-year)	NAV TR (5-year)	Discount	Ongoing charge**	Performance fee	Latest net gearing	Dividend Yield
Georgia Capital	**1,552**	**49.1**	**126.5**	**302.4**	**(6.8)**	**1.1**	**N/A**	**100**	**0.0**
Partners Group Private	398	(10.9)	(8.1)	(4.3)	(39.4)	1.8	Yes	100	9.6
HgCapital Trust	1,823	(0.8)	15.9	51.5	(23.3)	1.5	Yes	105	1.2
NB Private Equity	551	7.0	2.4	24.5	(37.8)	1.9	Yes	112	4.7
Oakley Capital Investm	852	5.4	19.5	80.7	(33.5)	3.1	Yes	113	0.0
CT Private Equity Trus	337	7.3	15.2	51.9	(31.9)	1.2	Yes	122	6.0
HarbourVest Global Pr	2,272	9.5	16.1	53.8	(26.0)	2.2	Yes	108	0.0
ICG Enterprise Trust	840	3.1	14.4	58.1	(31.5)	1.4	Yes	106	2.8
Pantheon International	1,427	6.8	15.6	49.3	(27.4)	1.4	Yes	110	0.0
Patria Private Equity Tr	872	12.1	23.3	83.6	(30.7)	1.1	No	110	3.0
Peer average	**1,041**	**4.4**	**12.7**	**49.9**	**(31)**	**1.7**	**-**	**110**	**3.0**
Rank	**3**	**1**	**1**	**1**	**1**	**10**	**-**	**10**	**7**

Source: LSEG Data & Analytics, Edison Investment Research.
Note: Net gearing is total assets less cash and equivalents as a percentage of net assets. *NAV performance in sterling terms based on end-June 2026 NAV, or latest earlier available NAV. **Excludes look-through expenses at the underlying funds level. Please note that Pantheon International has agreed a reduced management fee arrangement with its investment manager, according to the announcement on 19 February 2026.

LFG has been the dominant contributor to this track record. Our attribution analysis suggests that around two-thirds of GCAP's cumulative GEL NAV total return over the five years to end-June 2026 was attributable to LFG's performance, including dividends received by GCAP. The balance reflects value creation across the private portfolio, NAV accretion from share repurchases and other holding company effects.

Despite LFG's strong multi-year share price performance, which made it one of the highest-rated banks across Southeastern and Eastern Europe and Central Asia by P/BV ratio, its valuation relative to its profitability does not look detached from peers. LFG currently trades at 2.3x FY26e book value based on LSEG Data & Analytics consensus, only slightly above our P/BV-ROE FY26e regression line (see Exhibit 11).

Exhibit 11: P/BV and ROE, Lion Finance Group compared to Southeastern European, Eastern European and Central Asian banks (FY26e)



Source: LSEG Data & Analytics consensus as of 22 September 2026, except for Halyk Bank and ProCredit Holding, which are based on Edison Investment Research forecasts.
Note: *Halyk's ROE adjusted for the inflation differential between Kazakhstan and Southeastern Europe/Eastern Europe.

Exhibit 12: GCAP's discrete performance data versus selected public indices, in total return, sterling terms (%)

12 months ending	GCAP NAV TR (GBP)	GCAP share price TR (GBP)	MSCI World TR (GBP)	FTSE All-Share TR (GBP)
30/06/2022	18.7%	(15.8%)	(2.1%)	1.6%
30/06/2023	49.7%	37.1%	13.8%	7.9%
30/06/2024	19.7%	17.9%	21.4%	13.0%
30/06/2025	26.9%	96.1%	7.7%	11.2%
30/06/2026	49.1%	117.5%	25.8%	21.9%

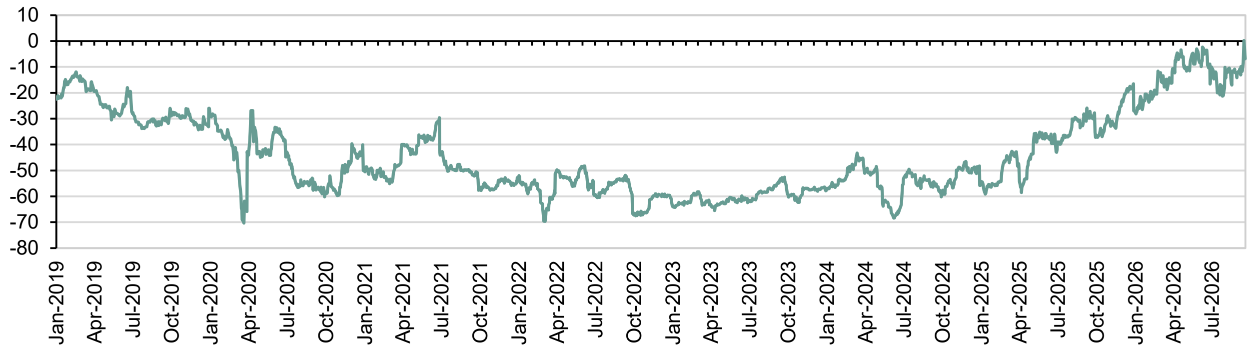
Source: Georgia Capital data, LSEG Data & Analytics, Edison Investment Research

Significant discount to private holdings value despite recent re-rating

As at 21 September 2026, GCAP's shares traded at a 6.8% discount to its reported end-June 2026 NAV. This compares with around 56% at end-2024 and 27% at end-2025, based on the reported NAV. On our mark-to-market basis, which updates the end-June 2026 NAV for the latest LFG closing price, GCAP's shares traded at a c 17.4% discount to NAV.

However, the recent re-rating has not fully eliminated the substantial discount embedded in the private assets. Using the latest GCAP and LFG closing prices, GCAP's end-June 2026 shares outstanding and assuming the number of LFG shares held by GCAP is unchanged, while holding end-June cash and other net liabilities constant, we estimate that GCAP's market capitalisation implies a c 39% discount to the end-June 2026 carrying value of its private portfolio.

Exhibit 13: GCAP's discount to reported NAV since inception



Source: Georgia Capital data, LSEG Data & Analytics, Edison Investment Research

Deep-dive into major portfolio holdings

Lion Finance Group: High returns with a growing second engine in Armenia

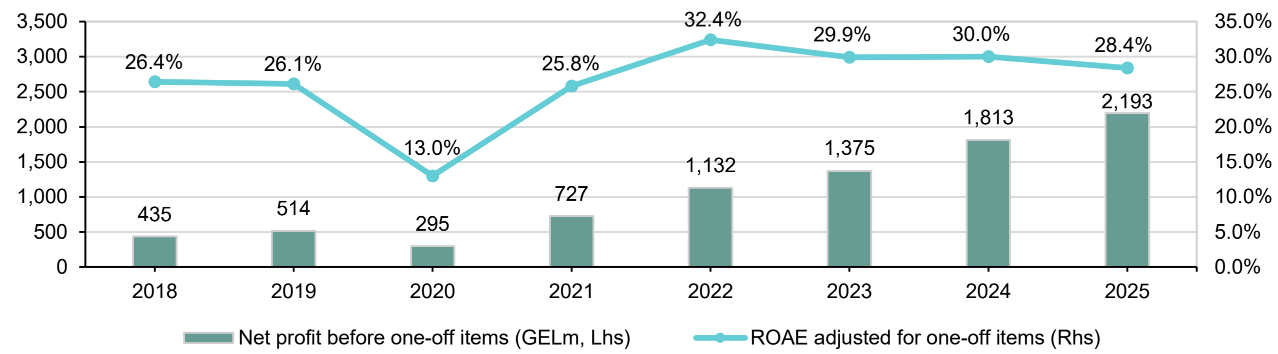
LFG continues to combine strong growth with high profitability. In H126, operating income before cost of risk increased by 19.6% y-o-y to GEL1.55bn and net profit rose by 17.3% y-o-y to GEL1.20bn, with return on average equity (ROAE) remaining high at 27.2%. Constant currency loan growth of 23.0% y-o-y was well above LFG's c 15% medium-term target, while the cost of credit risk and the non-performing load (NPL) ratio remained low at 0.5% and 2.1%, respectively.

LFG's strategy is centred on two complementary priorities: maintaining the Bank of Georgia's strong profitability and customer position, and using Ameriabank as the main avenue for faster growth. In Armenia, the group is applying elements of the Bank of Georgia's digital, payments and customer-engagement model in a market where penetration remains lower. The main strategic opportunity is to translate Ameriabank's rapid expansion into a larger earnings contribution while maintaining strong returns and asset quality.

The Bank of Georgia remains LFG's main earnings contributor, generating H126 profit of GEL925m, up 13.5% y-o-y, and a 30.9% ROAE. Its loan book grew by 17.1% in constant currency, while retail digital monthly active users (MAU) increased by 13.3% to 1.92m, equivalent to 84.1% of monthly active retail customers. Digital daily active users exceeded one million for the first time and represented 54.6% of digital MAU. Ameriabank provides the faster-growing second engine: H126 profit increased by 42.4% to GEL272.5m, while loans grew by 36.8% in constant currency and retail digital MAU rose by 47.0%. The Armenian Financial Services NPL ratio increased to 2.0% at end-June 2026 from 1.2% a year earlier, although it remains low.

Strong profitability also supports meaningful cash returns. LFG targets an ROAE of more than 20% and a 30–50% dividend-and-buyback payout ratio. Its H126 dividend reached GEL5.90 per share, up 15.7% y-o-y, alongside a further GEL59m buyback programme.

Exhibit 14: LFG's historical profitability

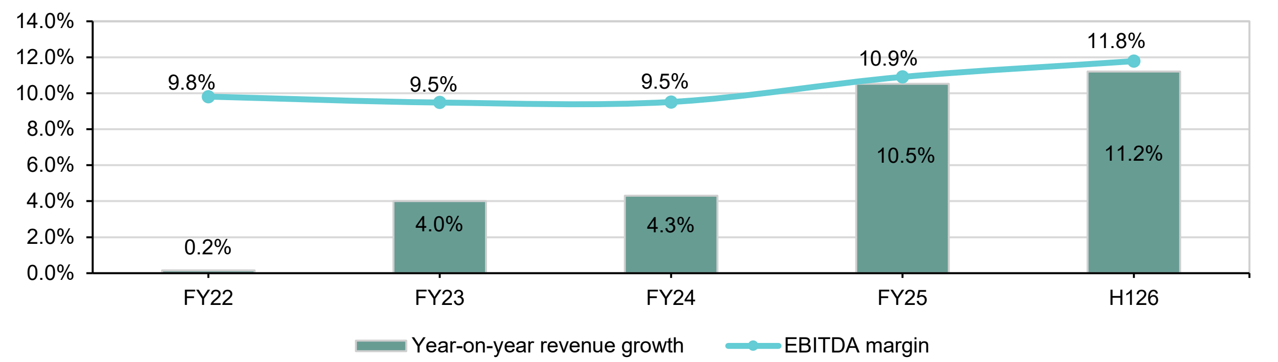


Source: Lion Finance Group data

Retail (pharmacy): Scale and mix are supporting continued earnings growth

GCAP's retail (pharmacy) platform combines two differentiated brands, with GPC positioned towards higher-income customers and Pharmadepot serving the mass market. Based on 2024 revenues, the business held a 33.7% share of Georgia's organised pharmaceutical retail market and it operated 464 pharmacies at end-June 2026. Retail is the dominant activity, accounting for c 84% of H126 revenue, complemented by a wholesale operation supplying pharmaceuticals and medical products to hospitals and other pharmacies. The operating performance has remained strong, with revenue increasing by 10.5% y-o-y in FY25 and by a further 11.2% y-o-y in H126 (see Exhibit 15). H126 retail revenue rose by 11.1%, supported by 6.5% same-store growth, while wholesale revenue increased by 11.6%.

Exhibit 15: Retail (pharmacy) – revenue growth and EBITDA margin



Source: Georgia Capital data

Profitability has grown considerably faster than sales. Gross margin increased by 2.2pp to 32.9% in FY25 and by a further 1.5pp y-o-y to 34.0% in H126, helped by improved supplier terms and a shift towards higher-margin products. EBITDA excluding IFRS 16 rose by 26.7% in FY25 and by a further 21.4% y-o-y in H126, lifting the EBITDA margin from 9.5% in FY24 to 10.9% in FY25 and 11.8% in H126. Sales mix remains an important lever: medicines represented 55% of H126 retail revenue, while cosmetics and other products, food supplements and baby-care products accounted for the remaining 45%. Management continues to prioritise strategic and higher-margin products, including para-pharmacy categories that are less exposed to pharmaceutical price regulation.

Wholesale margins appear to offer less scope for a similarly large structural improvement. Based on disclosed segment revenue and costs, we calculate a wholesale gross margin of c 27.2% in H126. Management considers roughly 25–30% sustainable and does not expect the margin to exceed 30%, with the remaining opportunity centred on sales mix, including higher-margin strategic products and non-medicine sales to key accounts. With the H126 margin already within this range, we view volume and mix as the more important incremental wholesale earnings drivers.

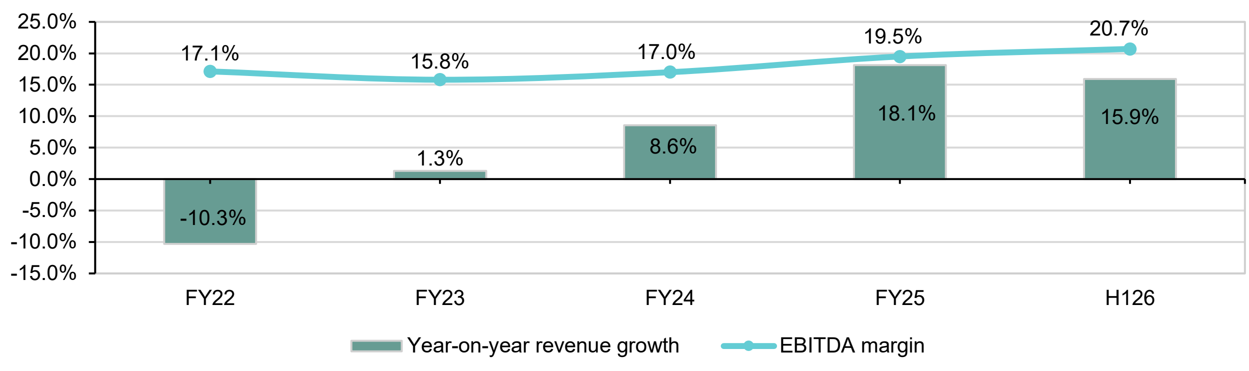
The growth model remains relatively capital light. Management's five-year objective is to deliver a double-digit EBITDA CAGR while maintaining an EBITDA margin above 9%, supported by store optimisation, growth in higher-margin products, e-commerce and continued network development. Cash generation has also strengthened: free cash flow excluding IFRS 16 increased by 39.7% to GEL76.5m in FY25 and by a further 54.4% y-o-y to GEL50.9m in H126, while operating cash flow conversion was 93.1% and 100.9%, respectively. This provides scope to finance continued development largely from internally generated cash.

Healthcare services: Mix shift and operating leverage support earnings growth

GCAP's healthcare services business is Georgia's largest healthcare provider, combining hospitals, outpatient clinics and diagnostics in a nationwide platform. At end-2025, it accounted for c 15% of the country's hospital beds and 25% of registered patients. The longer-term demand backdrop remains favourable, with management estimating that Georgian healthcare spending grew by c 8% per year from 2018 to 2025. We view elective care, outpatient services and diagnostics as particularly attractive growth areas, supporting both volumes and a shift towards higher-margin services.

The business delivered a marked improvement in profitability in 2025, with net revenue up 18.1% y-o-y and EBITDA excluding IFRS 16 up 35.1%, lifting the EBITDA margin from 17.0% to 19.5% (see Exhibit 16). Growth was supported by higher outpatient activity, the recruitment of established doctors and improved efficiency across the hospital network. Clinics and diagnostics have expanded particularly quickly, representing c 20% of healthcare revenue and c 23% of EBITDA in FY25. Diagnostics revenue increased at a c 33% CAGR over 2019–25, and the increasing scale of non-hospital activities is gradually broadening the business away from the more capital-intensive hospital estate.

Exhibit 16: Healthcare services business – revenue growth and EBITDA margin



Source: Georgia Capital data

Momentum continued in H126, with revenue increasing by 15.9% y-o-y and EBITDA by 20.4% y-o-y, taking the EBITDA margin to 20.7%. Growth was broad-based across hospitals, clinics and diagnostics, while outpatient services revenue continued to grow strongly. The expanded outpatient department at the group's largest hospital and the continued recruitment of doctors with established patient bases contributed to this shift. Gormed, a network of three hospitals and clinics acquired in December 2025, also supported growth in the regional hospital network.

There remains scope to improve utilisation and cash generation, although performance differs across the hospital network. Occupancy at large and specialty hospitals reached 76.8% in Q226 despite shorter average stays, indicating improved patient throughput. Regional and community hospital occupancy was lower at 66.1%, but this does not appear to reflect weak demand, as revenue increased by 22.7% y-o-y in H126. Gormed contributed GEL8.6m, or around 60% of the increase, implying c 9% growth in the pre-existing network, which was accompanied by a shift to higher-margin services. The opportunity therefore appears to lie in integrating Gormed and improving capacity efficiency and service mix across the enlarged regional network.

Healthcare is more capital intensive than GCAP's retail pharmacy business. EBITDA-to-cash conversion was 62.3% in H126, below management's c 85%+ medium-term objective, partly reflecting seasonality in state payments, and conversion improved to 78.2% in Q226 and was 85.5% in FY25. Free cash flow nevertheless improved materially year-on-year in H126.

Dependence on state funding remains the main business-specific risk. Georgia's state Universal Healthcare (UHC) programme accounted for just over half of FY25 healthcare services revenue, leaving earnings and working capital exposed to reimbursement policy and payment timing. Nevertheless, the partial introduction of patient co-payments under the Diagnosis-Related Group (DRG) framework supported profitability in 2025. Management targets EBITDA growth of at least 10% per year and a c 13%+ return on invested capital over the medium term, with further expansion planned in elective and outpatient services, oncology, transplantology and clinical trials. We view service-mix improvement, higher utilisation and continued growth in clinics and diagnostics as the main operational levers.

Insurance: Two complementary franchises with strong cash generation

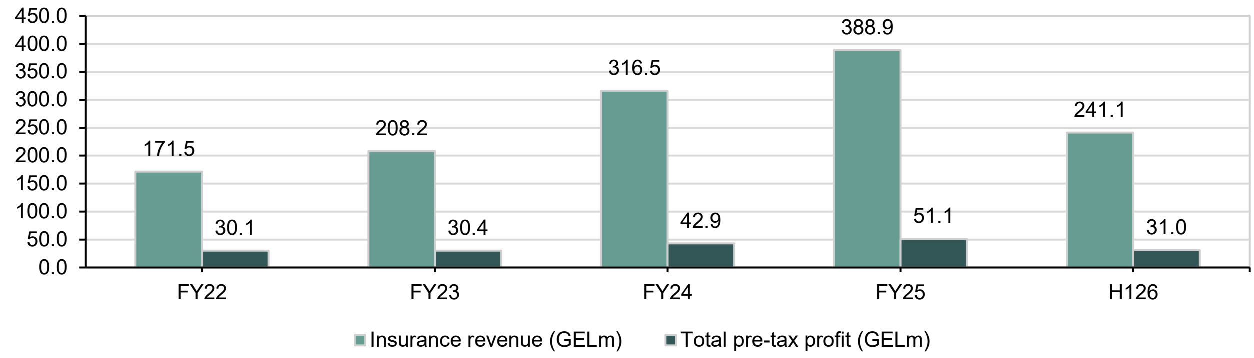
GCAP's insurance business combines Aldagi, its long-established P&C insurer, with the Imedi L and ARDI medical insurance businesses. Based on regulator data, Aldagi remained Georgia's largest non-medical insurer in H126, while we estimate from regulator data that Imedi L and ARDI together had a c 45% share of the private medical insurance market in H126, versus 34% at end-2025. The share can vary materially between periods because of large corporate and state tenders.

Aldagi has strong positions across motor, property and credit-life insurance, with the growth opportunity supported by low insurance penetration, product development and digitalisation. GCAP cites Georgian P&C insurance penetration (measured as gross written premiums as a percentage of GDP) of only 0.8%, while compulsory local motor third-party liability (MTPL) insurance remains a potential longer-term catalyst. Aldagi's average ROAE of 31% over 2014–25 also demonstrates its strong profitability.

The medical business has changed more materially since the acquisition of ARDI in April 2024, which added scale and an upscale brand alongside Imedi L's mass-market positioning. Growth is being supported by corporate and state tenders, repricing of existing contracts and expansion of the still-small retail segment.

The insurance platform delivered strong results in 2025. P&C benefited from growth in motor, credit-life and property insurance, while its combined ratio improved to 86.5% from 87.5% in FY24. Medical insurance benefited from organic portfolio growth, mid-teen pricing increases and the full-year contribution from ARDI. P&C nevertheless remained the larger earnings contributor, generating 68% of combined insurance pre-tax profit.

Exhibit 17: Insurance business – revenue and pre-tax profit



Source: Georgia Capital data

Momentum strengthened further in H126, led by medical insurance, where net revenue increased by 43.2% y-o-y and pre-tax profit more than doubled. The medical combined ratio improved by 4.1pp to 91.7%, as strong revenue growth generated operating leverage, although the increased contribution from inherently higher-loss-ratio state tenders partly offset the benefit.

Underlying P&C performance was also strong despite a severe hailstorm in Tbilisi, which generated GEL3.0m of motor claims in Q226. Excluding this event, H126 pre-tax profit of the P&C business would have increased by around 25% y-o-y and the combined ratio would have improved to 84.2%, compared with the reported 87.6%. Strong growth in medical insurance helped the combined platform absorb the one-off impact.

Both businesses remained well capitalised at end-June 2026, with solvency ratios of 171% for P&C and 173% for medical insurance. We view continued premium growth and disciplined underwriting as the main drivers of further value creation, particularly profitable tender growth in medical insurance and increased penetration in P&C.

Other holdings: Selective growth and monetisation

The operating performance across the smaller holdings has been more mixed than across GCAP's three large private businesses. FY25 aggregate figures covered renewable energy, education, auto services, wine, housing development (m2) and hospitality and excluded the beer and distribution minority holding; on that basis, aggregate revenue, EBITDA and operating cash flow all declined. Following the June 2026 disposal of m2, the H126 reporting basis comprised renewable energy, education, auto services, wine and hospitality and continued to exclude the beer and distribution minority holding. On this basis, H126 revenue fell by 5.9% y-o-y, EBITDA declined by 21.4% and net operating cash flow was 30.0% lower. Weakness was concentrated in some of the more cyclical or externally exposed assets, while education and auto services continued to expand.

Education offers the clearest growth case among the assets still targeted for development. GCAP has built Georgia's largest private K-12 operator, which had a 9.8% market share at end-2025 and four school brands across seven campuses spanning the international, premium, midscale and affordable segments. Revenue increased by 7.1% y-o-y in H126, supported by strong intakes and expanded capacity, while learner numbers rose by 8.8%. Revenue growth for the full academic year was 10.4%. Management continues to view the sector as attractive and is considering opportunities in Armenia. A key issue to monitor is the continuing dispute with the minority partner in British Georgian Academy, which now encompasses several claims in Georgia and the UK; management considers the probability of loss to be low.

Renewable energy has a different risk/return profile. Its operating portfolio comprises 71MW of hydro and wind generation. GCAP previously also had a sizeable development pipeline spanning both technologies, including the 46MW Zoti and 18MW Darchi hydro projects and the Tbilisi and Kaspi wind projects. However, rising construction costs made Zoti and Darchi uneconomic under their existing power purchase agreements, prompting GCAP to discontinue both projects and recognise a GEL12m write-down in Q126. Its latest disclosures therefore describe the remaining development pipeline as comprising wind projects. Performance was volatile in H126, with revenue declining by 23.3% y-o-y and EBITDA by 41.3%. Lower generation in Q226 reflected unattractive Turkish export prices, reduced export volumes and consequent oversupply in the Georgian market. The business remains relatively capital intensive, and its $80m green bond due in 2027 is the largest near-term debt maturity within the emerging and other portfolio.

The principal relevance of the remaining holdings increasingly lies in their potential for capital recycling; we do not view them as major future NAV growth drivers. Auto services combines the Amboli car-parts and services platform with Greenway's regulated vehicle-inspection business. It continued to grow in H126 and paid a GEL1.0m dividend to GCAP in Q226. Wine, which is heavily export-dependent, deteriorated sharply in Q226, with net revenue down by 51.8% y-o-y and EBITDA turning slightly negative. Management has said it may consider a sale over time given the business's capital intensity, subject to finding an acceptable buyer. Hospitality remains relatively small and is centred on the 121-room Gudauri Lodge; H126 EBITDA remained positive despite weaker Q226 trading. GCAP also retains an effective 18.5% interest in the beer and distribution business following the earlier sale of control to Royal Swinkels. The residual stake is subject to a put/call structure at pre-agreed EV/EBITDA multiples, with GCAP's put exercisable following approval of the audited FY28, FY29 and FY30 accounts, providing a defined route to potential further monetisation during 2029–31.

Fees and charges

GCAP reports a management-fee-type expense ratio because, as a self-managed holding company, it does not pay a conventional external management fee. The ratio covers cash- and share-based management expenses but excludes fund-type costs such as audit and valuation fees, legal advisers, board compensation and company-secretarial costs. The ratio was 0.79% for the 12 months to end-June 2026, marginally above GCAP's self-targeted cap of 0.75% of NAV and up from 0.73% at end-2025.

To improve comparability with UK-listed investment companies, we estimate an AIC-style ongoing charges ratio of c 1.07% for the 12 months to end-June 2026, using average undiluted NAV as the denominator. Our calculation includes recurring fund-type costs and excludes financing and identified non-recurring expenses. The figure is an Edison estimate rather than a company-reported or strict AIC calculation because GCAP’s disclosures do not allow all potentially performance-linked remuneration and one-off legal costs to be isolated precisely.

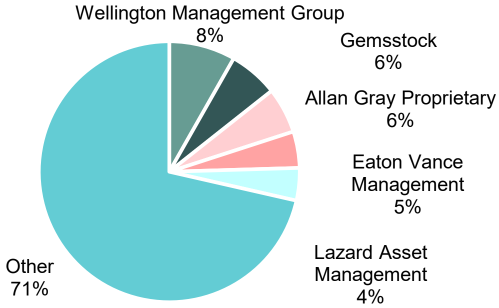
ESG integrated into investment and ownership decisions

GCAP integrates ESG considerations into investment selection and active portfolio management; sustainability is not a separate investment objective. Its Responsible Investment Policy applies throughout the investment process and includes an exclusion list covering areas such as forced labour, weapons, tobacco, fossil-fuel activities and serious governance breaches, as well as ESG due diligence and assessment of environmental, social and climate-related risks. Portfolio companies are reassessed on ESG matters semi-annually, and GCAP uses its ownership influence to encourage improvements where required. Ultimate oversight sits with the board, supported by the Audit and Valuation Committee, while management and portfolio-company CEOs are responsible for implementation and reporting. GCAP has committed to reduce Scope 1 and 2 emissions by 30% by 2030 and 95% by 2050 versus its 2022 baseline, as part of its longer-term net-zero commitment.

Capital structure

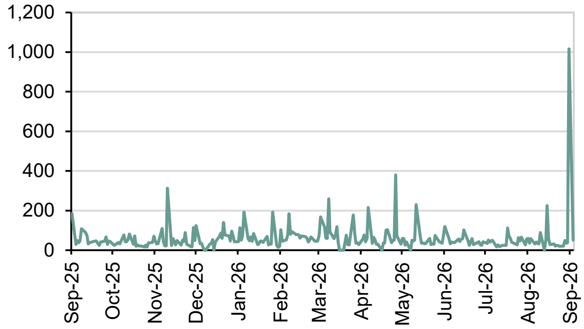
GCAP had 32.4m shares outstanding (net of unawarded shares in management trust account) as of 11 September 2026. The redemption of its remaining $50m holding-company bonds in August 2026 left GCAP without holding-company debt, while the new $50m buyback programme will continue to reduce the share count.

Exhibit 18: GCAP's shareholder structure



Source: Company data as of 22 September 2026

Exhibit 19: GCAP's daily traded value (£'000s)



Source: LSEG Data & Analytics

Board

GCAP's five-member board comprises the chairman and CEO, Irakli Gilauri, and four independent non-executive directors. The combination of the chairman and CEO positions is GCAP's only stated departure from the UK Corporate Governance Code. The governance framework nevertheless includes a four-to-one independent board majority, David Morrison as senior independent director and an Audit and Valuation Committee composed entirely of independent directors, which approves GCAP's NAV. The full board also scrutinises major investment and divestment decisions.

David Morrison and Massimo Gesua' sive Salvadori will each reach nine years' board tenure in February 2027, a tenure milestone relevant to the UK Corporate Governance Code's assessment of director independence. GCAP has already begun succession planning.

Irakli Gilauri has led GCAP since its 2018 demerger and has more than 20 years' banking, investment and finance experience, including previous roles as CEO of BGEO Group and CEO and chairman of Bank of Georgia. His CEO contract was renewed for a further three years from 2026.

David Morrison, senior independent director and chair of the Audit and Valuation Committee, spent 28 years at Sullivan & Cromwell and brings extensive transaction, public-company governance and Georgian-market experience.

Neil Janin, chair of the Nomination and Remuneration Committees, spent more than 27 years at McKinsey and previously chaired both BGEO Group and Bank of Georgia Group.

Massimo Gesua' sive Salvadori is an investment analyst at Lancaster Asset Management and a former McKinsey consultant; his experience in valuation, financial institutions and capital allocation is particularly relevant to GCAP's investment model.

Maria Chatti-Gautier has more than 25 years' private equity experience, covering investment sourcing, portfolio management, build-ups and exits, and has served on more than 30 company boards.

Exhibit 20: GCAP's board of directors

Board member	Date of appointment	Remuneration in FY25 ($)	Shares held at end-FY25**
Irakli Gilauri	Feb-18	N/A*	2,502,423
David Morrison	Feb-18	201,626	101,368
Massimo Gesua' sive Salvadori	Feb-18	156,956	20,976
Maria Chatti-Gautier	Mar-20	156,950	10,443
Neil Janin	Oct-22	150,824	11,000

Source: Georgia Capital data. Note: *Irakli Gilauri's total reported remuneration in FY25 was $9.34m and was entirely share-based. **Including unvested shares.

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