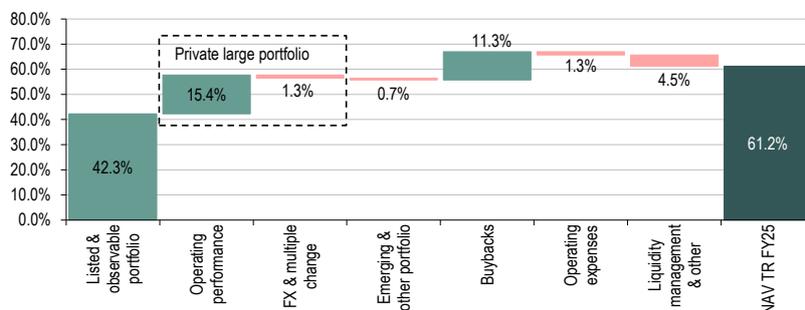


Georgia Capital

FY25 NAV total return of over 60%

Georgia Capital (GCAP) delivered a very strong NAV total return (TR) of 61.2% in FY25 in Georgian lari terms (56.4% in sterling terms), aided primarily by the almost doubling share price of Lion Finance Group (LFG, which contributed 42.3pp to GCAP's NAV TR and made up 49% of the total portfolio value at end-2025). Operating performance of GCAP's large portfolio companies across retail (pharma), insurance and healthcare (15.4pp), as well as NAV-accretive share buybacks (11.3pp) were also significant contributors. As a result, GCAP's five-year NAV TR to end-2025 in local currency terms reached a healthy 26.3% pa, and 19.5% pa since the de-merger of BGEO Group into Bank of Georgia (currently LFG) and GCAP in 2018. GCAP has made good progress on its current capital return programme with GEL550m of GEL700m deployed as of February 2026, supported by healthy portfolio cash flow and proceeds from the sale of the remaining 20% stake in its water utility business.

Exhibit 1: GCAP's NAV TR attribution



Source: Company data

Local macroeconomic conditions remain supportive

Macroeconomic conditions in Georgia remain strong, with 7.5% GDP growth in 2025 (according to preliminary estimates) and the International Monetary Fund forecasting 5.3% growth in 2026. This is coupled with limited core inflation excluding tobacco of 2.1% in January 2026 (4.8% headline inflation), a moderate fiscal deficit of 1.7% of GDP in 2025, declining general government debt (34.3% at end-2025 according to GCAP vs 35.7% at end-2024 and 59.5% at end-2020) and record-high gross international reserves of \$6.3bn as of January 2026. Monetary policy remains moderately restrictive with an 8.0% main policy rate. Although Georgia's trade deficit widened in 2025, the overall backdrop is favourable for GCAP's portfolio companies.

More opportunities beyond buybacks

The robust net operating cash flow of GCAP's large private holdings allows them to consider bolt-on transactions, such as the Gormed acquisition carried out by the healthcare business recently. Meanwhile, GCAP's narrowing discount to NAV from 56% at end-2024 to 23.5% currently (after adjusting the NAV for LFG's latest closing price) broadens GCAP's set of potential new investments with better return prospects than buybacks. We note that GCAP's and LFG's current share prices imply a c 52% discount to the end-2025 fair values of GCAP's large private companies that exhibit solid growth.

Not intended for persons in the EEA.

Investment companies
Georgian equities

26 February 2026

Price	3,580.00p
Market cap	£1,243m
NAV	4,677.0p
Discount to NAV	23.5%
Shares in issue	34.7m
Code/ISIN	CGEO/GB00BF4HYV08
Primary exchange	LSE
AIC sector	N/A
Financial year end	31 December
52-week high/low	3,475.0p 1,204.0p
NAV high/low	3,361.0p 2,282.0p

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

- The majority of the portfolio is exposed to resilient and well-established businesses.
- High cash generation and regular dividend income from several portfolio companies.
- Successful de-leveraging of the holding company and continued NAV-accretive share buybacks.

Bear points

- High portfolio concentration with four assets making up close to 90% of portfolio value at end-2025.
- Limited number of realisations performed so far.
- Investments in a frontier economy is inherently higher risk.

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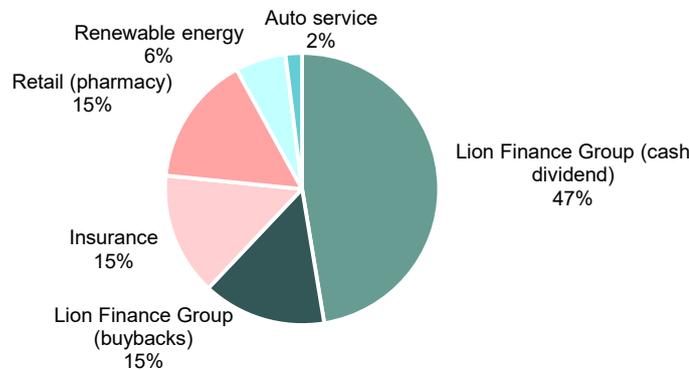
Strong operating performance of LFG and large private holdings

LFG continues to deliver strong financial results, with an increase in profit before one-offs of 22.7% y-o-y in Q425 to GEL619m (including a 38.1% y-o-y increase in the Armenian business to GEL150m), supported by 19.7% y-o-y growth in the total group loan book. LFG's adjusted return on average equity (ROAE) reached 28.4% in FY25 (30.1% annualised in Q425) and its cost-to-income ratio remained at a low level of 35.5%. Credit risk remains limited with a moderate cost of risk of 0.4% in FY25 and a low ratio of non-performing loans to gross loans of 2.1% at end-2025. The company targets annual loan book growth of c 15%, an ROAE of 20%+ and a dividend and buyback payout ratio of 30–50% over the medium term.

GCAP's large private portfolio, consisting of the retail (pharma), insurance and healthcare businesses (making up 40% of end-2025 portfolio value), delivered solid revenue and EBITDA growth of 15.0% and 28.6% in FY25. In Q425 alone, growth stood at 11.8% and 17.8% y-o-y, respectively, despite a high base effect from a strong Q424.

The portfolio of three large private companies is highly cash generative, with GEL245m of aggregate net operating cash flow (up 14.9% y-o-y), implying an EBITDA cash conversion of 98% (vs 92% in FY24). The strong cash flow of the insurance and retail (pharma) businesses supports dividends payments to GCAP, which together with dividends and buybacks from LFG, as well as dividends paid by the renewable energy and auto service businesses (part of GCAP's emerging and other portfolio), translated into GEL225.5m of recurring dividend income in FY25 (see Exhibit 2). GCAP's management expects this solid level to be sustained in 2026 at GEL200m+.

Exhibit 2: Breakdown of GCAP's portfolio dividends and buybacks in 2025 of GEL225.5m



Source: Company data

The healthcare business used its operating cash flow for capital expenditures (including for service expansion and medical equipment upgrades) and the bolt-on acquisition of Gormed, a regional network of three hospitals and clinics in Central Georgia. The acquisition price stands at less than four times Gormed's EBITDA in 2026 (according to GCAP), which represents a significant multiples arbitrage compared to the 10.1x multiple (based on 2025 EBITDA) implied by the valuation of GCAP's healthcare services business at end-2025. We also note the reduction in the healthcare business's net debt to 2025 EBITDA multiple to 3.7x, from 4.3x at end-2024, driven mainly by higher growth in EBITDA than net debt. The company issued a GEL350m secured social bond in September 2025 to refinance existing debt and for future capital expenditures. The business targets a net debt to EBITDA ratio of under 2.5x in the medium term.

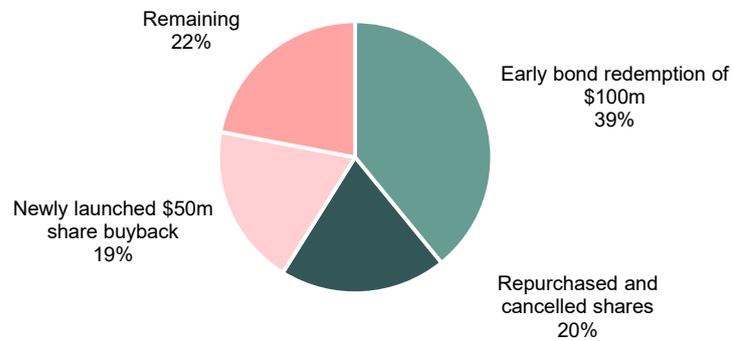
Well advanced in its GEL700m capital allocation programme

In July 2025, GCAP received \$70.4m in proceeds from the sale of the remaining 20% stake in the water utility business (or \$250m including proceeds from the sale of the 80% stake agreed on 31 December 2021). GCAP realised a strong multiple of invested capital and internal rate of return of 3.8x and 25.3% in Georgian lari terms on the 100% stake (or 2.9x and 19.1% in US dollar terms), respectively. The proceeds from the water utility exit, coupled with GCAP's robust portfolio free cash flow (\$65m in FY25 vs \$48m in FY24) and partial disposals of its stake in LFG (to remain within the 50% passive foreign investment company limit), provided a solid base for the continuation of GCAP's capital return programme.

Following the completion of the GEL300m programme (completed ahead of schedule), GCAP announced a GEL700m capital return programme in August 2025, which may consist of share buybacks, dividends and de-leveraging. GCAP's

holding company de-leveraged almost fully throughout the year with a net capital commitment ratio of just 2.3% at end-2025, from 12.8% at end-2024, mostly as a result of an early redemption of \$100m in local bonds, with further support from growth in portfolio value, change in planned investments and a reduction in the contingency buffer. GCAP's through-the-cycle leverage target at holding company level remains at 10%. Following the recent completion of a \$50m buyback programme, the company has announced another \$50m programme for up to 3,150,275 shares, which will last for nine months.

Exhibit 3: Status of GCAP's GEL700m capital return programme as of February 2026



Source: Company data

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