



GEORGIAN MACRO OVERVIEW

1H21 results

 Follow @IRGCAP

CONTENTS

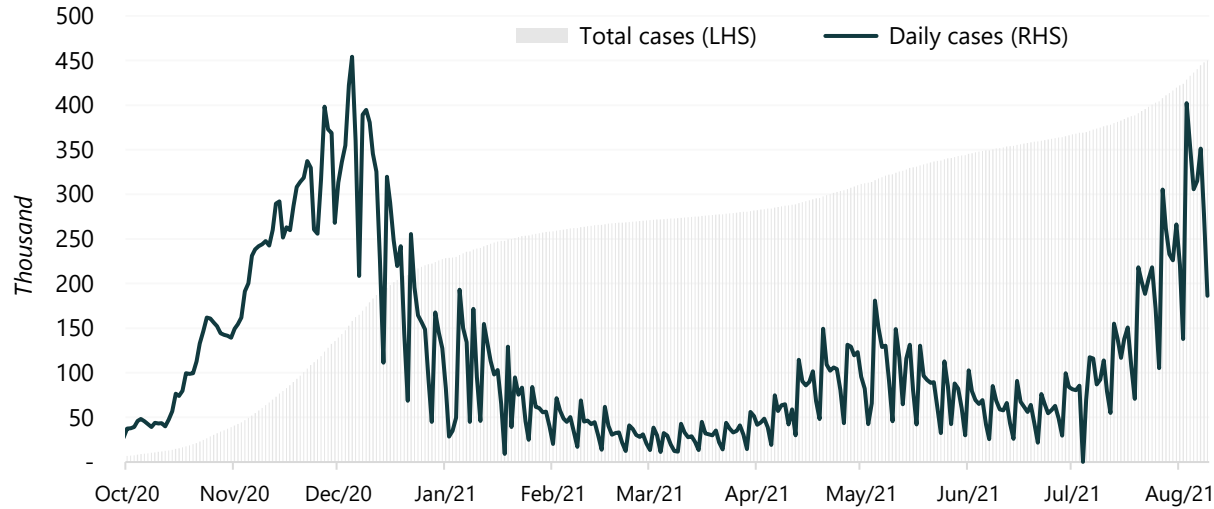
01 COVID-19 UPDATE | GEORGIA

02 1H21 GEORGIAN MACRO OVERVIEW



COVID-19 STATISTICS

COVID-19 CASES: DYNAMICS IN GEORGIA



STATISTICS AS AT:
9 AUGUST 2021

CONFIRMED CASES:
450,149

AVERAGE DAILY CASES¹:
3,758

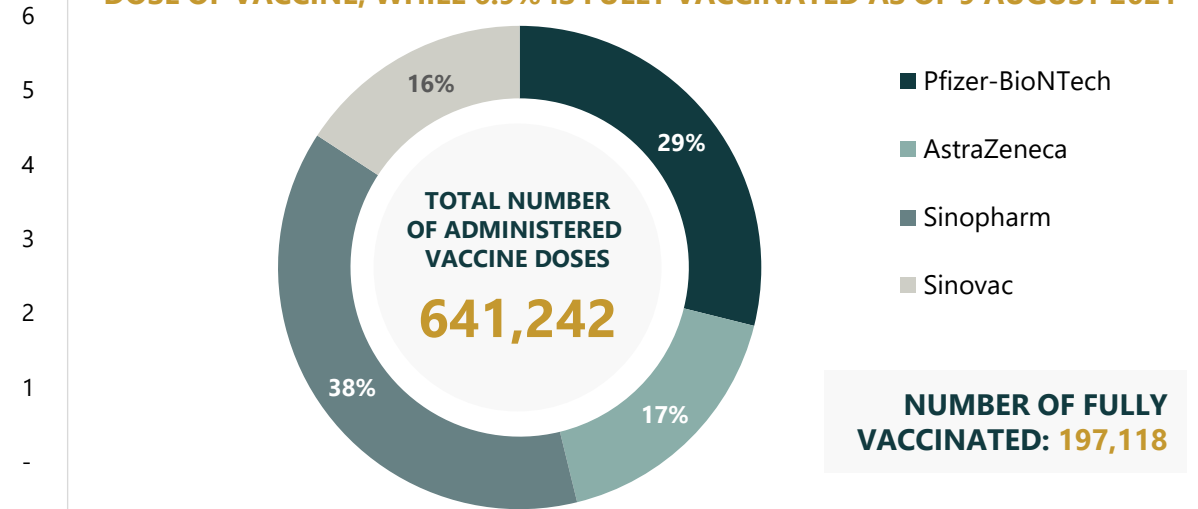
7-DAY POSITIVE RATE: **9.75%**

ACTIVE CASES:
40,233

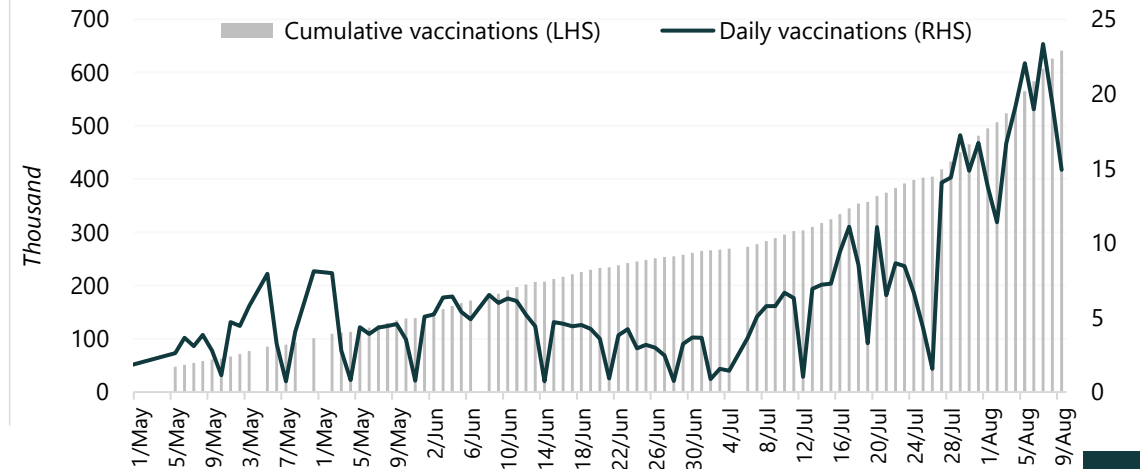
AVERAGE DAILY TESTS¹:
38,530

- ACCORDING TO THE GOVERNMENT PLAN, GEORGIA TARGETS TO VACCINATE AT LEAST 60% OF THE ADULT POPULATION IN 2021.
- 3.5 MILLION DOSES OF VACCINE ARE REQUIRED FOR REACHING THE TARGET, WHERE 1.5 MILLION IS GUARANTEED THROUGH THE COVAX PLATFORM IN 2021.
- 500,000 DOSES OF EACH PFIZER, SINOPHARM AND SINOVAC HAVE ARRIVED IN JULY 2021. ACCORDING TO THE GOVERNMENT, ADDITIONAL 1 MILLION DOSES OF PFIZER ARE SCHEDULED TO ARRIVE THROUGHOUT 3Q21.

15.6% OF THE TOTAL ADULT POPULATION HAS RECEIVED AT LEAST ONE DOSE OF VACCINE, WHILE 6.9% IS FULLY VACCINATED AS OF 9 AUGUST 2021



VACCINATION DYNAMICS

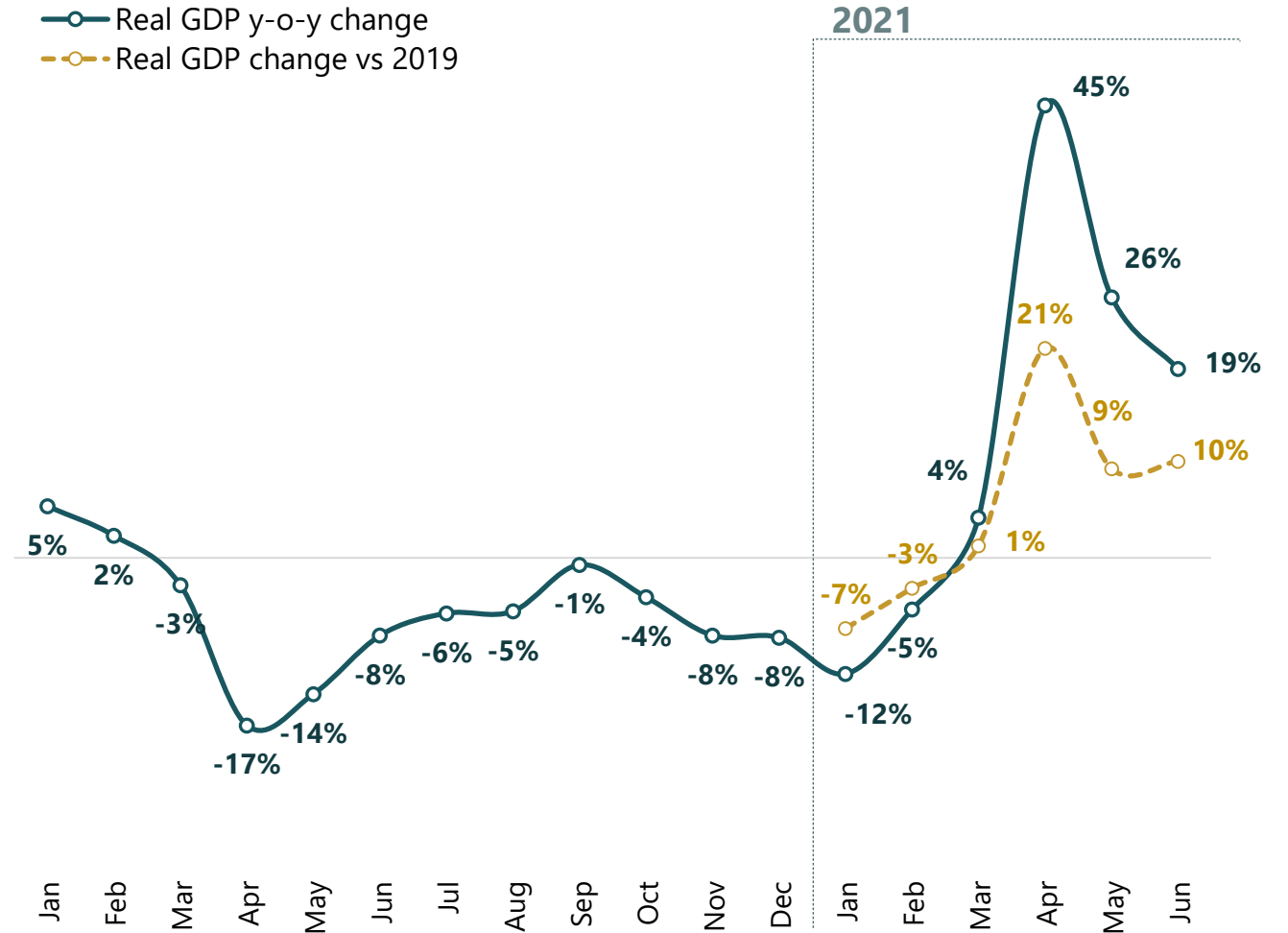


REAL GDP INCREASED BY 29.8% Y-O-Y IN 2Q21

REAL GDP UP 29.8% Y-O-Y IN 2Q21 (UP 13% COMPARED TO 2Q19) AND UP 12.7% Y-O-Y IN 1H21 (UP 5.7% COMPARED TO 1H19)

KEY DRIVERS

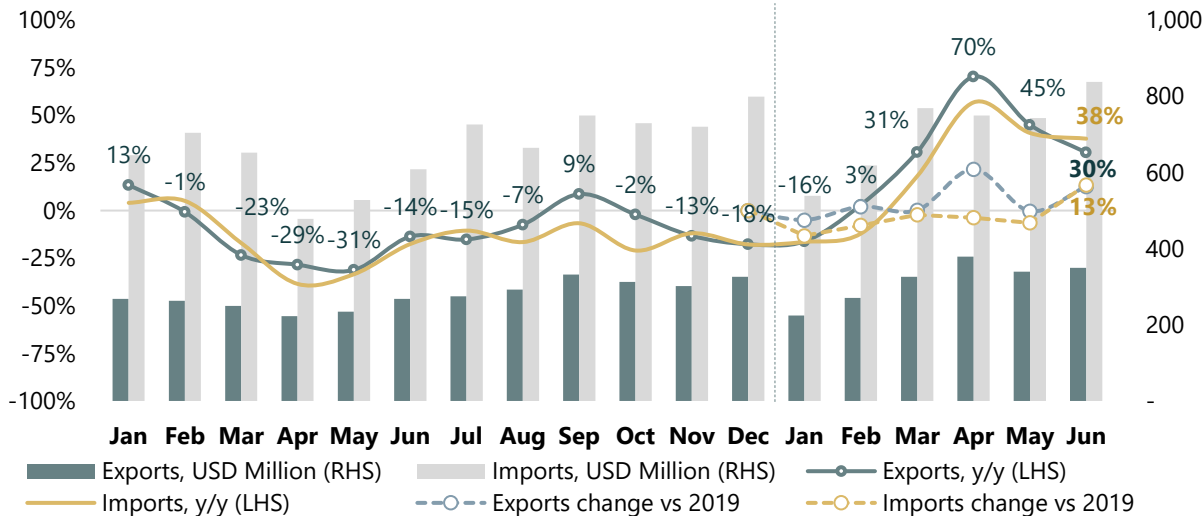
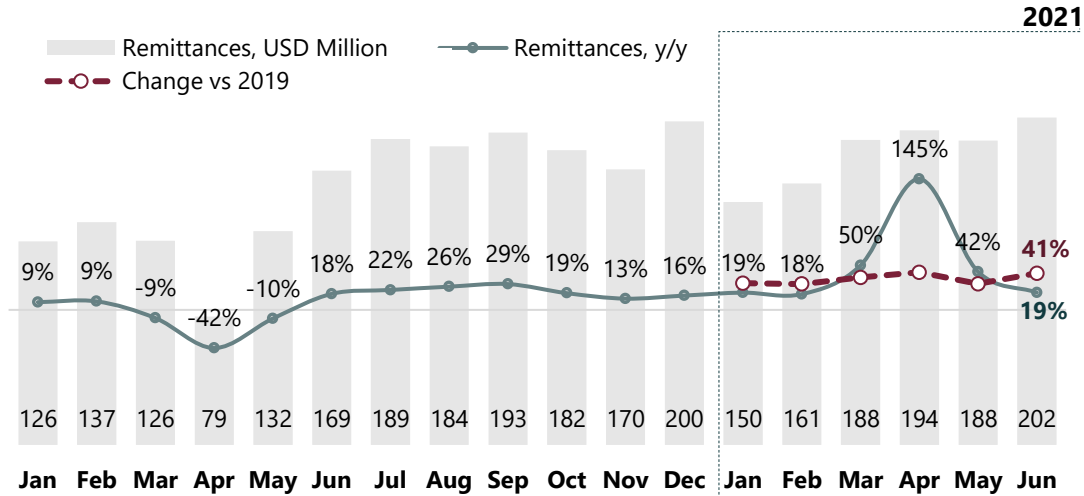
- Expansionary fiscal policy boosting domestic demand and contributing significantly to GDP growth;
- Robust lending (up 12.6% y-o-y in June w/o the exchange rate effect) both in retail and business sectors;
- External recovery underway with solid FX inflows: record high remittances, merchandise exports exceeding 2019 levels and tourism revenues increasing elevenfold y-o-y;
- Improving consumer and business sentiments, supporting spending and investment decisions;
- Although the low base effect of 2020 remains in play, performance has been exceptional compared to 2019 as well.



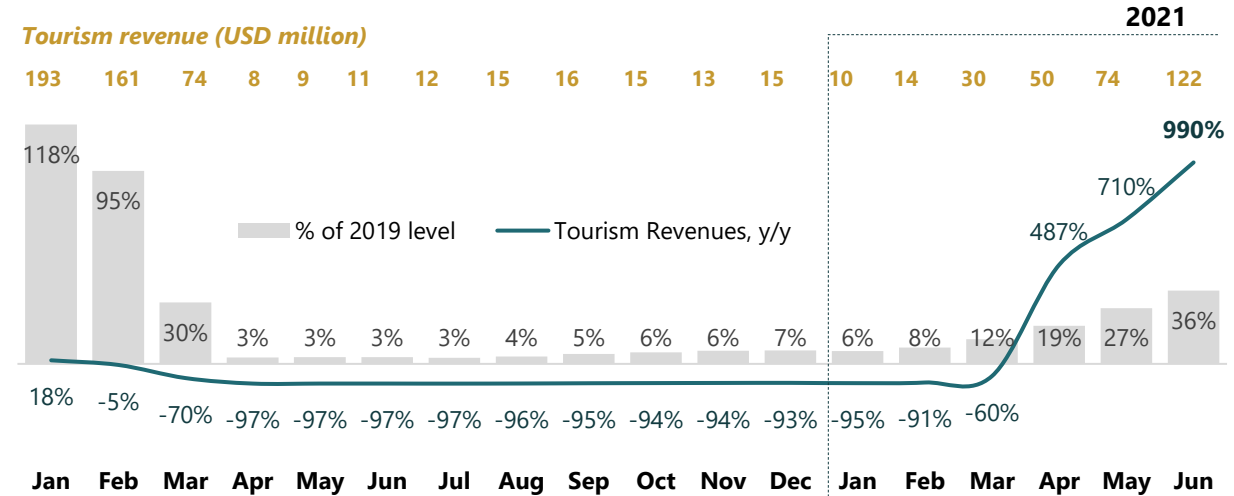
ROBUST GROWTH OF FX INFLOWS SUPPORTING ECONOMIC ACTIVITY AND GEL PERFORMANCE



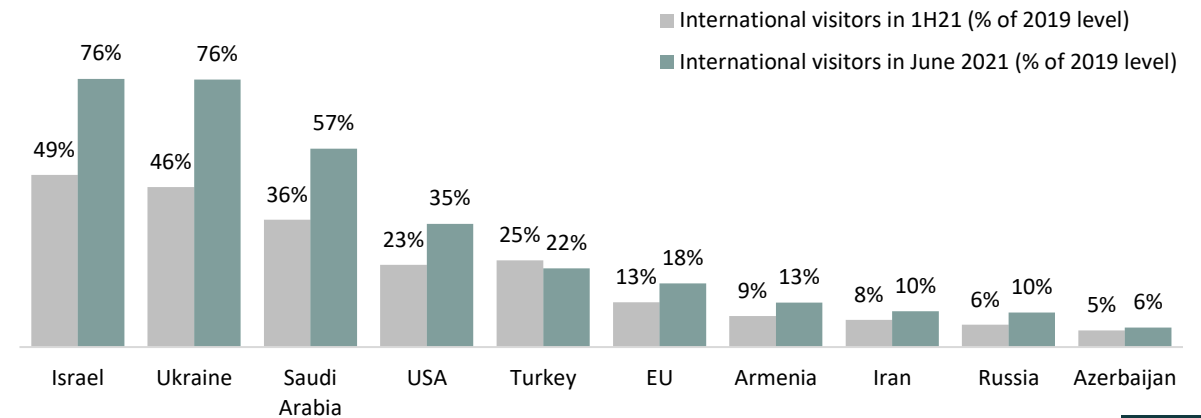
EXTERNAL INFLOWS SUPPORTED BY REMITTANCES AND MERCHANDISE EXPORTS



TOURISM REVENUES SHOWING FIRST SIGNS OF RECOVERY



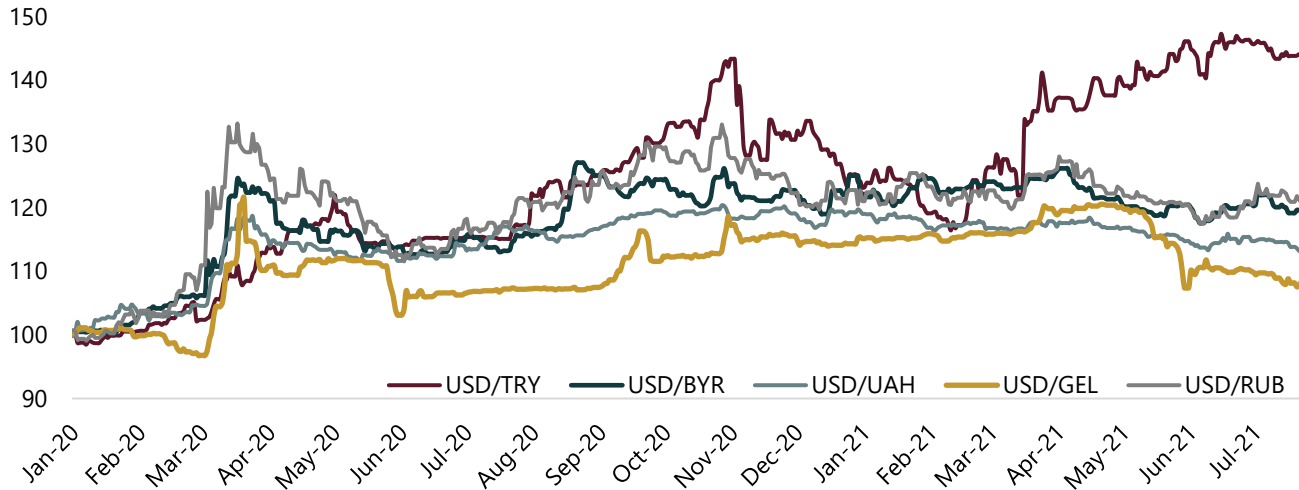
Number of travelers from Israel and Ukraine recovered to 76% of 2019 levels in June 2021



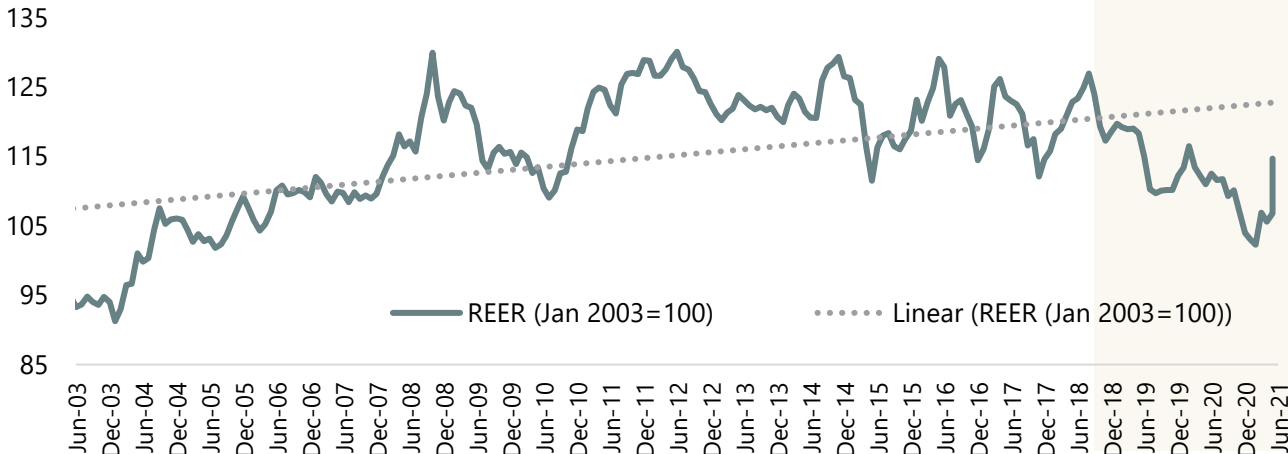
GEORGIAN LARI - TOP PERFORMER IN THE REGION



GEL BEGAN STRENGTHENING IN MID-MAY AND APPRECIATED BY 5.5% COMPARED TO THE BEGINNING OF THE YEAR AND BY 11.3% COMPARED TO THE YEAR TO DATE LOW



THE REAL EFFECTIVE EXCHANGE RATE HAS STRENGTHENED SINCE MAY 2021, BUT REMAINS BELOW THE LONG-TERM TREND

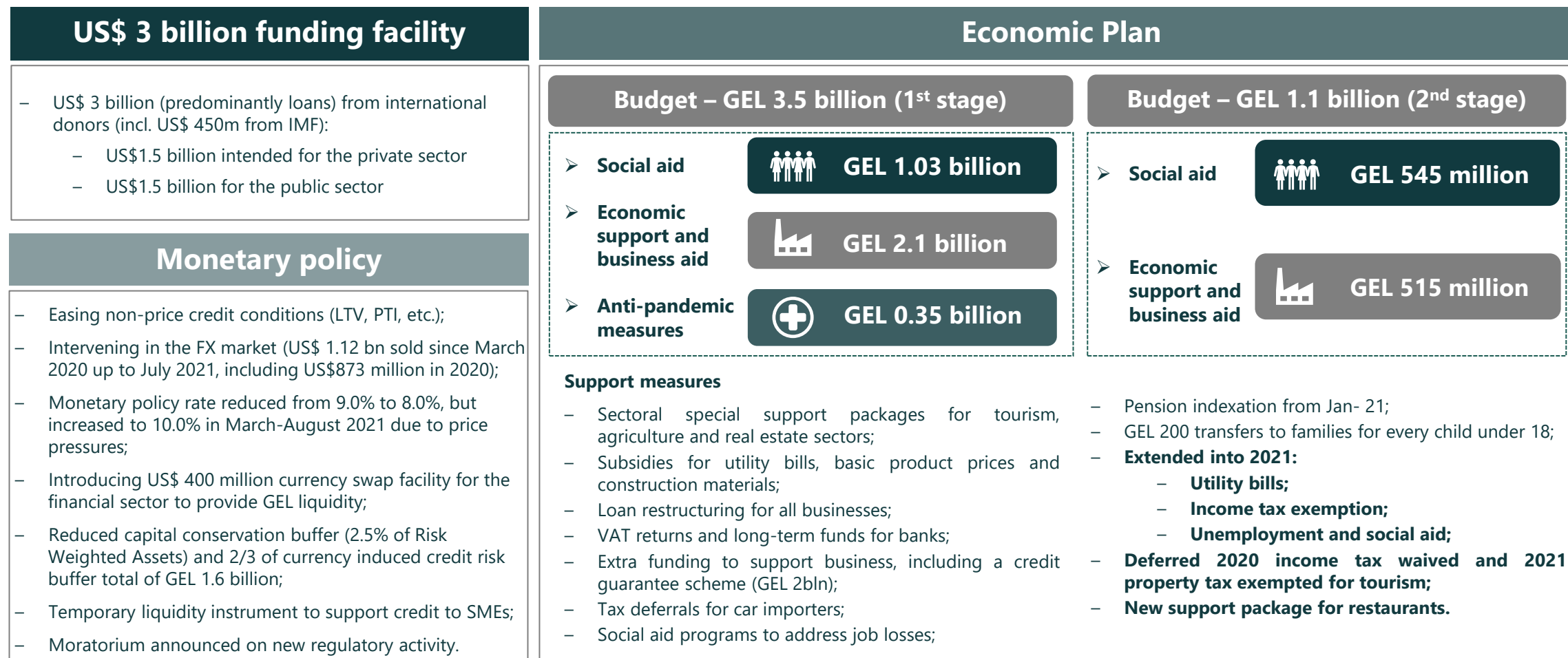


GEL APPRECIATION DRIVERS

- Record high remittance inflows, increasing by 41% y-o-y in 1H21;
- Solid recovery in merchandise exports, exceeding 2019 levels by 5.3% in 1H21;
- Tourism revenues showing first signs of recovery, increasing 11x y-o-y in June 2021, kickstarting positive expectations;
- Tight monetary policy (NBG further increased the policy rate by 50 bps to 10% in August 2021), supporting stronger GEL and curbing negative expectations;
- Rebounding economic activity and significant interest rate differential aiding accelerated lending in foreign currency;
- New regulation to reduce reserve requirements on funds attracted in foreign currency, assisting deposit localisation and higher demand on GEL;
- Despite the strong performance of GEL, REER (real effective exchange rate) remains below its long-term trend, indicating room for further appreciation potential.

GOVERNMENT MEASURES

ACCUMULATED BUFFERS AND INTERNATIONAL SUPPORT HAVE ALLOWED THE GOVERNMENT TO LAUNCH SIZEABLE MEASURES

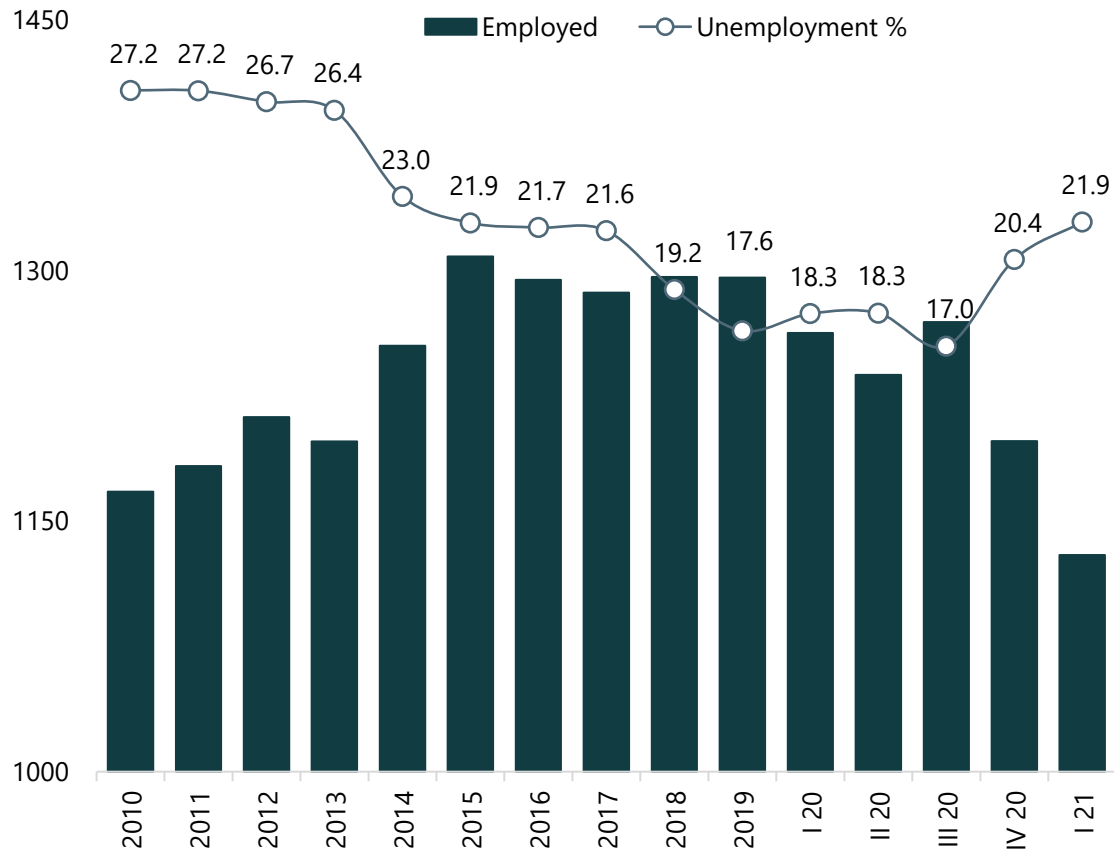


PRUDENT PRE-CRISIS FISCAL PRACTICE ENSURED A STRONG POSITION TO BORROW TO FIGHT THE PANDEMIC, WITH PUBLIC DEBT RISING TO C.60% OF GDP BY THE END OF 2020 (41% AT THE END OF 2019). DEBT IS EXPECTED TO DECLINE TO 54% OF GDP BY THE END OF 2021.

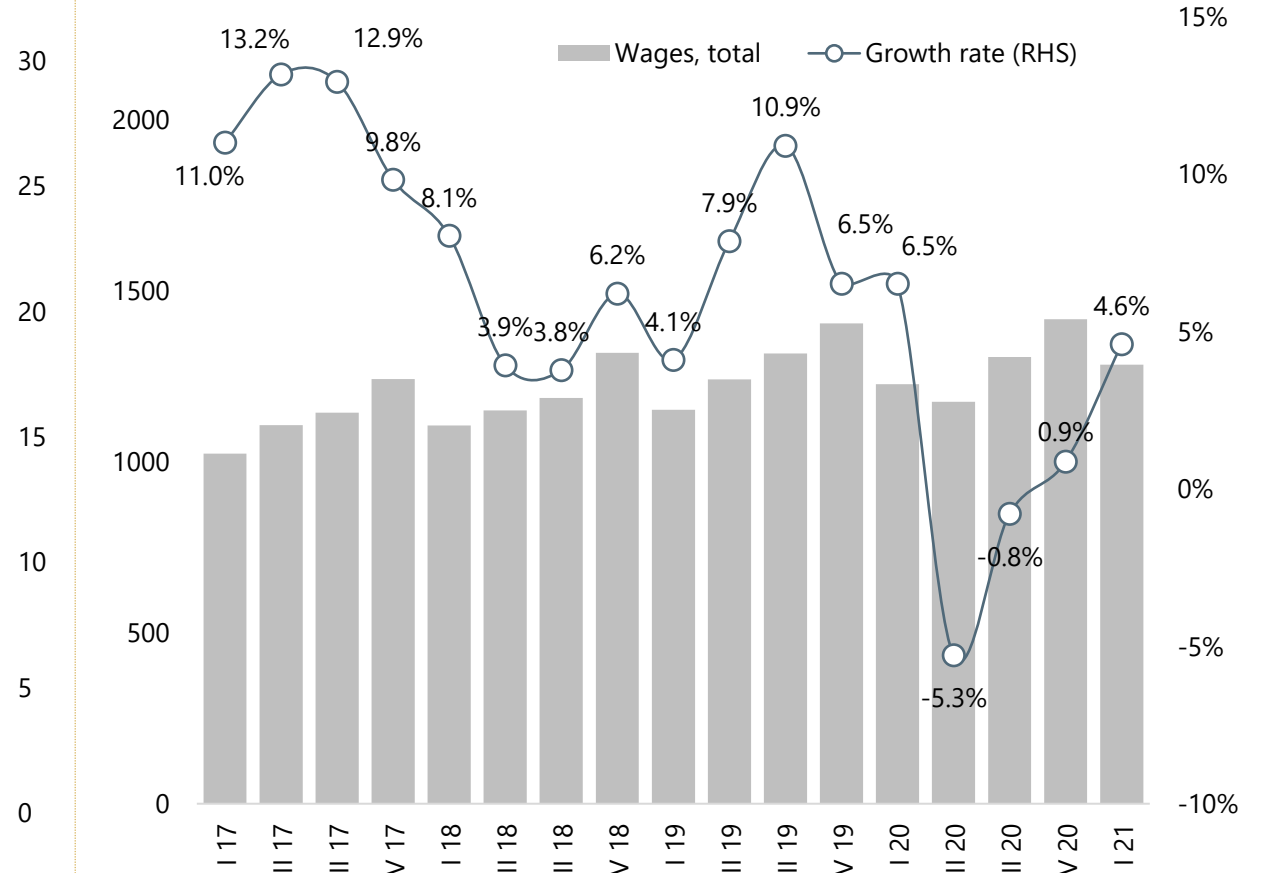
LABOR MARKET DYNAMICS



NUMBER OF JOBS IN 1Q21 WAS 108K FEWER Y-O-Y AND 22K FEWER Q-O-Q



NOMINAL WAGES' CONTINUING RECOVERY TRANSLATED INTO GROWTH IN THE BUSINESS SECTOR BY 5% IN 1Q21



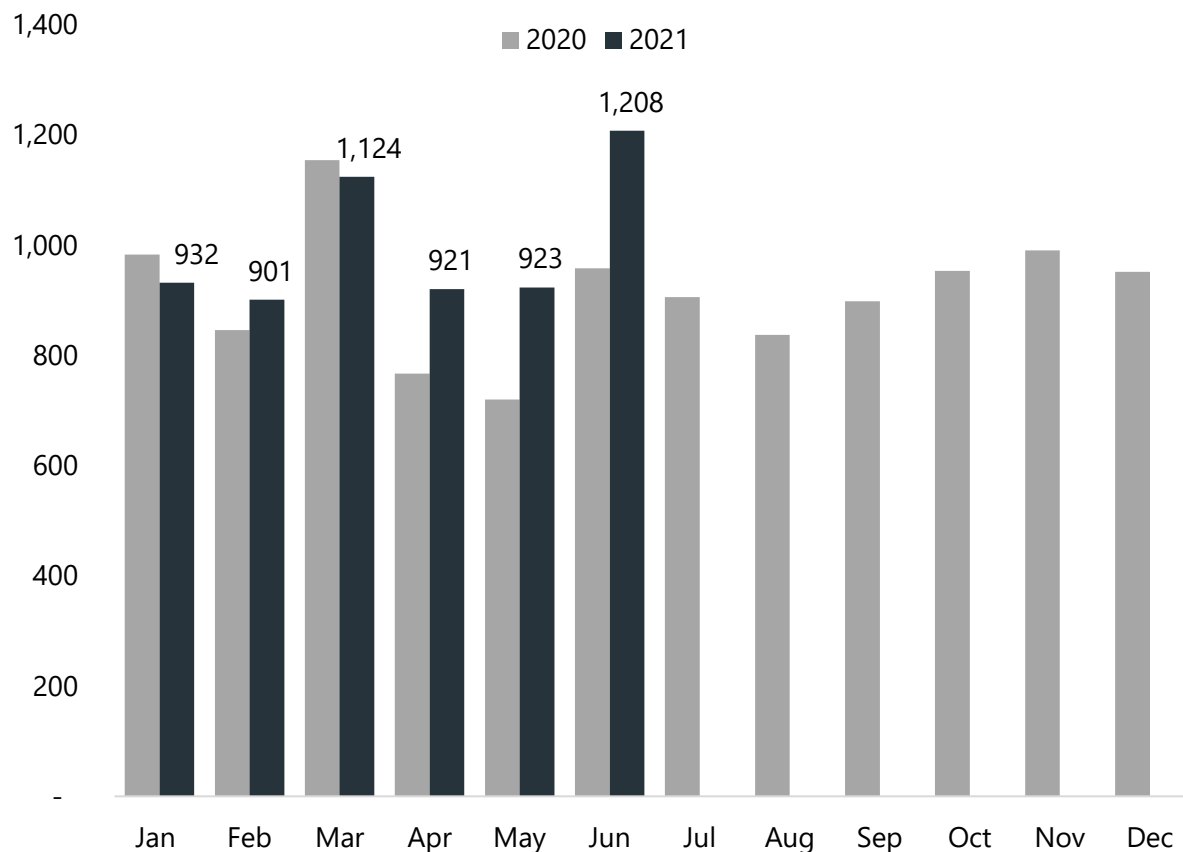
REVENUE AND EXPENDITURE PLANS INCREASED BY GEL 1.1BN TO GEL 12.3BN AND GEL 13.9BN, RESPECTIVELY



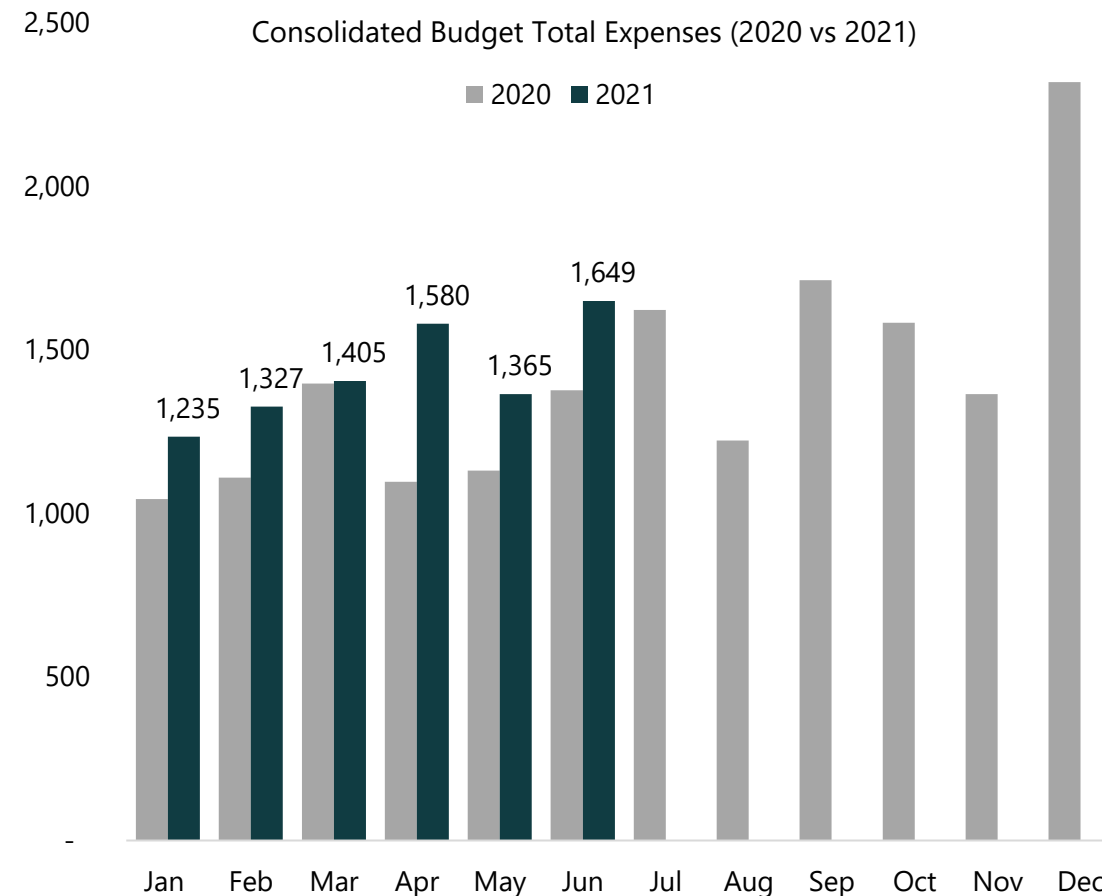
TAX REVENUES HAS SIGNIFICANTLY OVERSHOT THE PLAN, THE BUDGET LAW WAS AMENDED TO REFLECT HIGHER REVENUE AND EXPENDITURE PLANS

TOTAL EXPENSES (CURRENT + CAPITAL) GREW BY 19.6% Y-O-Y IN 1H21, INCLUDING CAPITAL EXPENDITURES INCREASING BY 28% Y-O-Y

Consolidated Budget Tax Revenues (2020 vs 2021)



Consolidated Budget Total Expenses (2020 vs 2021)



CONTENTS

01 COVID-19 UPDATE | GEORGIA

02 1H21 GEORGIAN MACRO OVERVIEW



SOVEREIGN RATINGS WITH FAVOURABLE MACRO FUNDAMENTALS



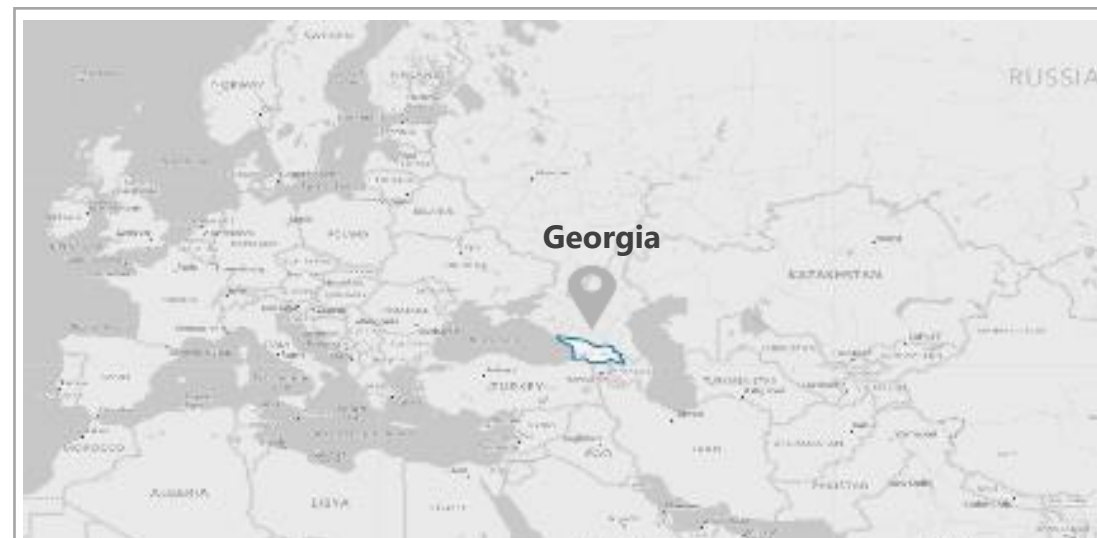
Key Ratings Highlights

Rating Agency	Rating	Outlook	Affirmed
MOODY'S	Ba2	Stable	April 2021
S&P Global	BB	Negative	February 2021
Fitch Ratings	BB	Negative	February 2021

Georgia is favorably placed among peers

Country	Country Rating	Fitch Rating Outlook
Armenia	B+	Stable
Azerbaijan	BB+	Stable
Belarus	B	Negative
Czech Republic	AA-	Stable
Georgia	BB	Negative
Kazakhstan	BBB	Stable
Turkey	BB-	Stable
Ukraine	B	Stable

General Facts



- Area: 69,700 sq. km
- Population (2020): 3.7 million
- Capital: Tbilisi;
- Life expectancy: 73.5 years
- Official language: Georgian
- Literacy: 100%
- Currency (code): Lari (GEL)

Economy

- Nominal GDP (Geostat) 2020: GEL 49 billion (US\$15.9 billion)
- Real GDP growth rate 2020: -6.2%
- Real GDP 2011-2020 annual average growth rate: 3.6%
- GDP per capita 2020 (PPP, international dollar) IMF: 14,920
- Annual inflation 2020: 5.2%
- External public debt to GDP 2020: 47.5%

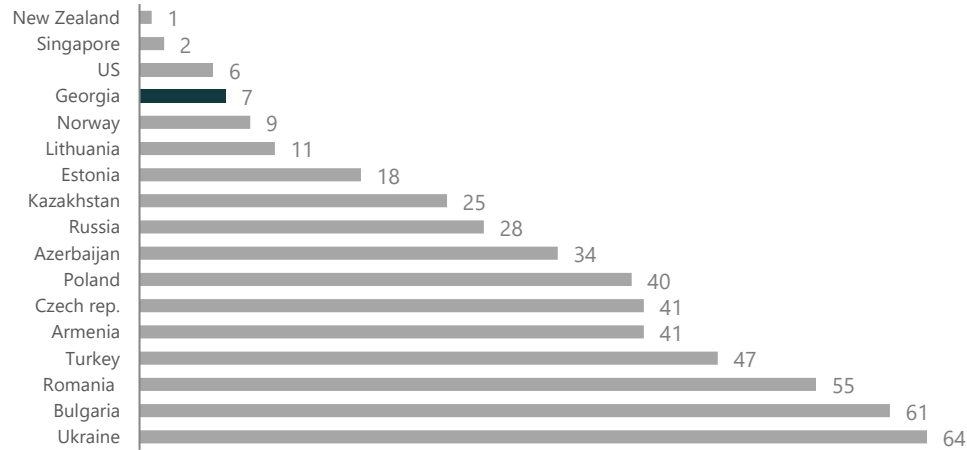
GEORGIA'S KEY ECONOMIC DRIVERS



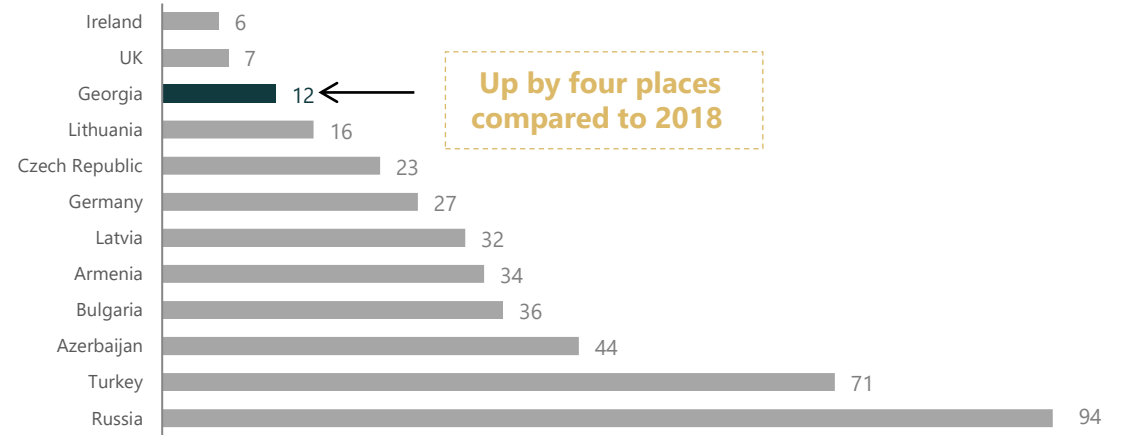
<p>Liberal economic policy</p>	<p>Top performer globally in WB Doing Business over the past 12 years</p> <ul style="list-style-type: none"> Liberty Act (effective January 2014) ensures a credible fiscal framework; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%. Following the emergency clause activation after the COVID-19 shock, the fiscal framework will return within the rule bounds in three years, as specified in the Liberty Act; Business friendly environment and low tax regime (attested by favourable international rankings);
<p>Regional logistics and tourism hub</p>	<p>A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west</p> <ul style="list-style-type: none"> Access to a market of 2.8 billion customers without customs duties: Free trade agreements with EU, China, Hong Kong, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; FTA with Israel and India under consideration. Tourism inflows fell sharply to US\$ 542 million in 2020 from US\$ 3.2 billion in 2019 due to COVID-19, but tourism is expected to bounce back once the pandemic is brought under control; Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes.
<p>Strong FDI</p>	<p>An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth</p> <ul style="list-style-type: none"> FDI stood at US\$ 617 million (3.9% of GDP) in 2020 (FDI was lowered by a one-off transfer of ownership worth US\$ 340.5 million). FDI averaged 8.1% of GDP in 2010-2020.
<p>Support from international community</p>	<p>Georgia and the EU signed an Association Agreement and DCFTA in June 2014</p> <ul style="list-style-type: none"> Visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders were granted free visa entrance to the EU countries from 28 March 2017. Discussions commenced with the USA to drive inward investments and exports. Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU.
<p>Electricity transit hub potential</p>	<p>Developed, stable and competitively priced energy sector</p> <ul style="list-style-type: none"> Only 20% of hydropower capacity utilized; 155 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development. Georgia imports natural gas mainly from Azerbaijan. Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded. Additional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe.
<p>Political environment stabilised</p>	<ul style="list-style-type: none"> Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU. New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency. Continued economic relationship with Russia, although economic dependence is relatively low. Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians – Russia announced the easing of visa procedures for Georgian's citizens effective December 23, 2015. Direct flights between the two countries resumed in January 2010. However, they have been banned again since July 2019 following the decision from Russia. Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia. In 2020, Russia accounted for 13% of Georgia's exports and 11% of imports.

INSTITUTIONAL ORIENTED REFORMS

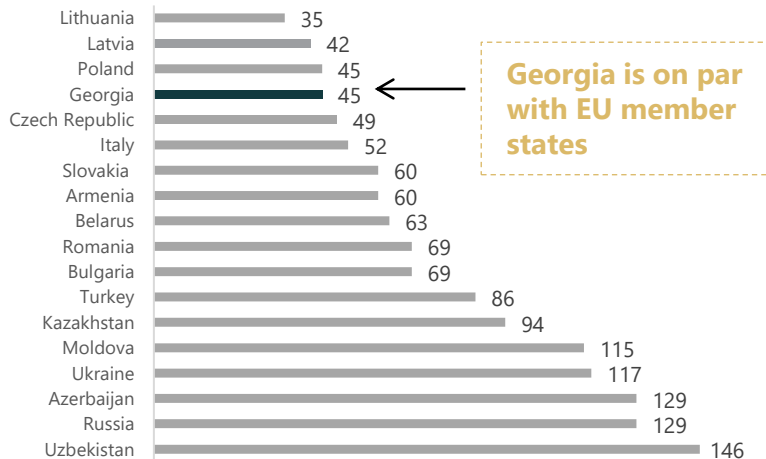
Ease of Doing Business | 2020 (WB Doing Business Report)



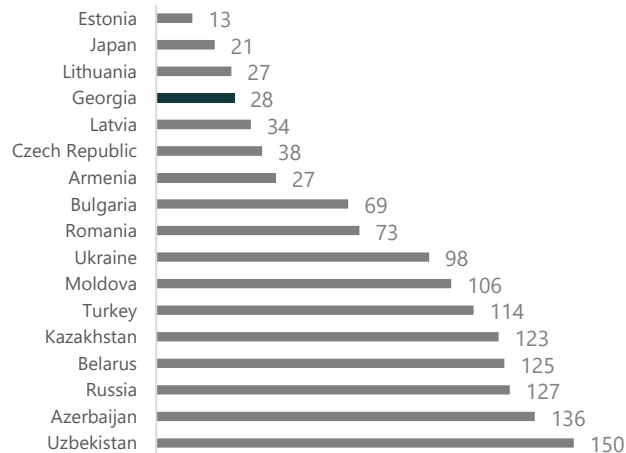
Economic Freedom Index | 2020 (Heritage Foundation)



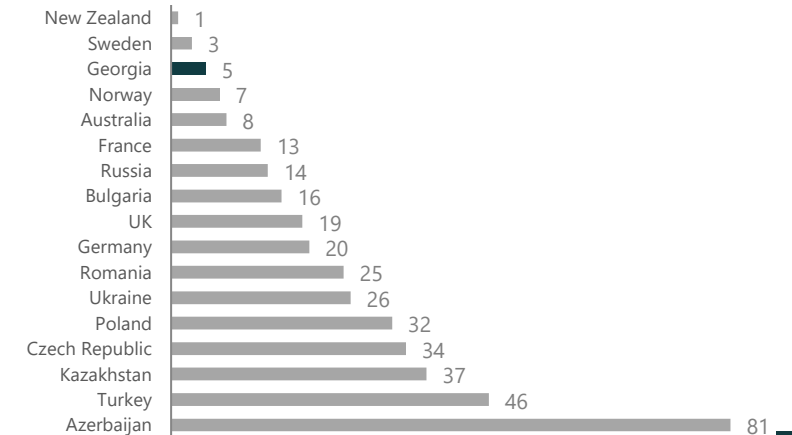
Corruption Perception Index | 2020 (TI)



Business Bribery Risk, 2020 | Trace International



Open Budget Index, 2019 | International Budget Partnership

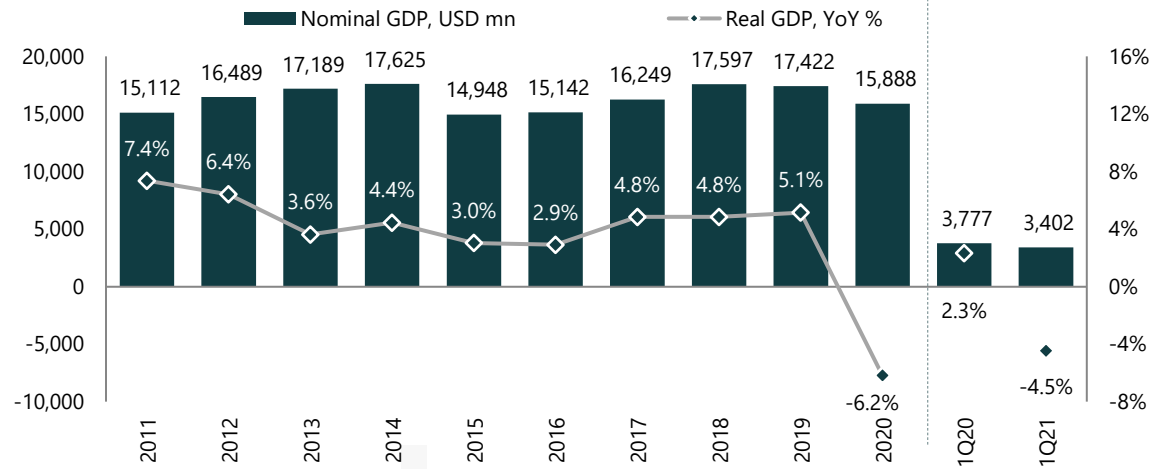


PACE OF ECONOMIC RECOVERY IS HIGHER THAN EXPECTED



Gross domestic product

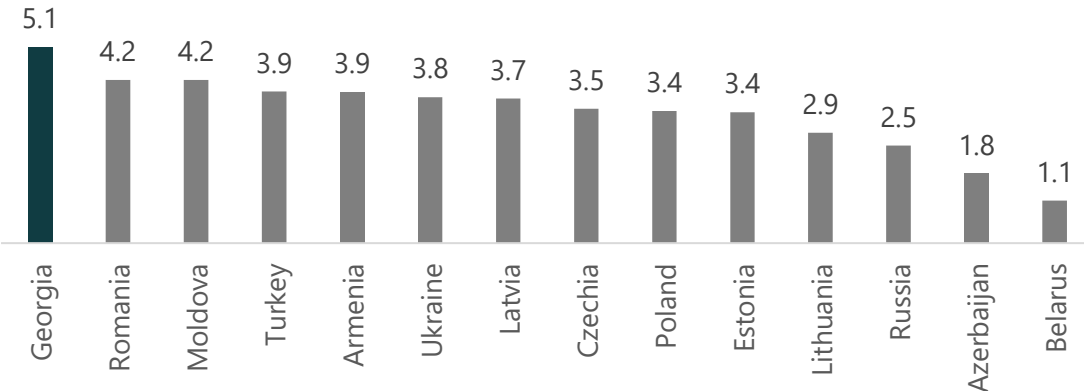
According to preliminary estimates, real GDP fell by 4.5% y-o-y in 1Q21. Flash estimates show GDP increased by 29.8% in 2Q21, reaching 12.7% growth in 1H21.



Source: Geostat

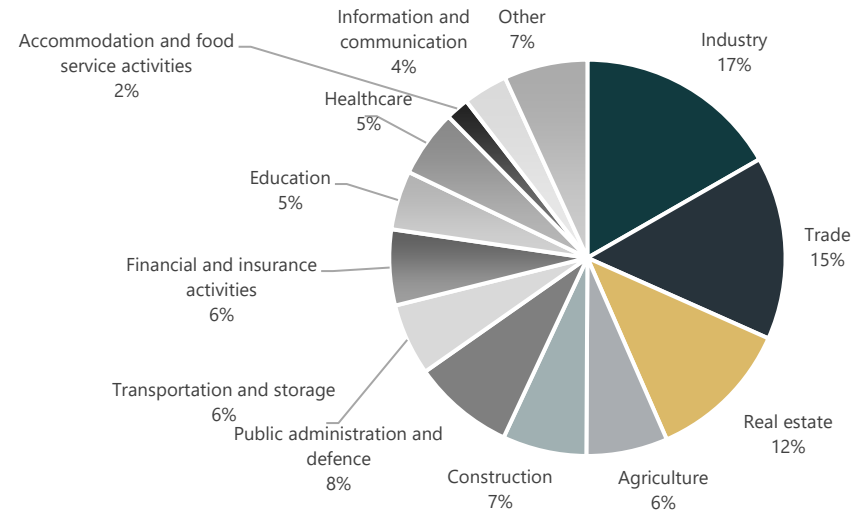
Medium-term growth forecast set to increase further as recovery beats expectations

Comparative real GDP growth rates, % (2021-2026 average) | IMF



Source: IMF, WEO (April 2021)

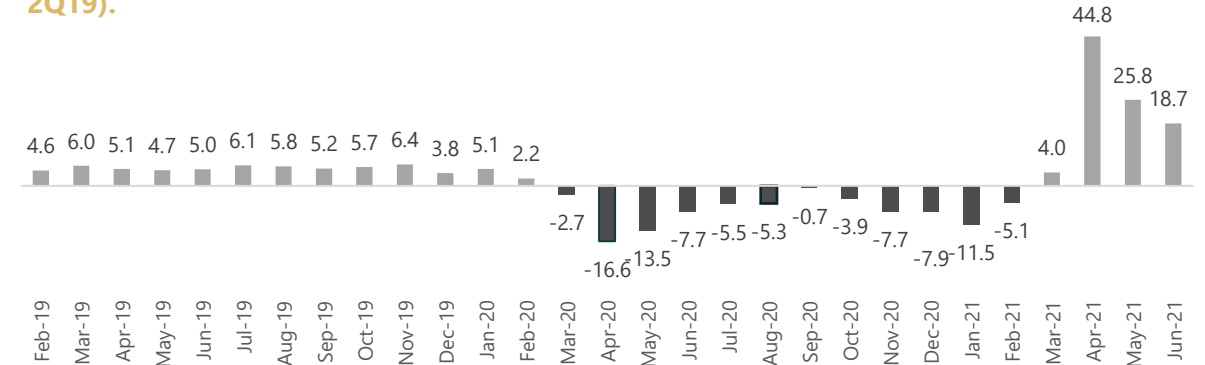
Nominal GDP structure, 1Q21



Source: Geostat

Monthly Economic Activity Estimate, y-o-y growth

Flash estimates show the economy growing by 29.8% y-o-y in 2Q21 (up 13% compared to 2Q19).



Source: Geostat

SIGN OF RECOVERY IN WAGES WHILE EMPLOYMENT LAGS BEHIND



Unemployment rate up to 21.9% in 1Q21

Sources: GeoStat



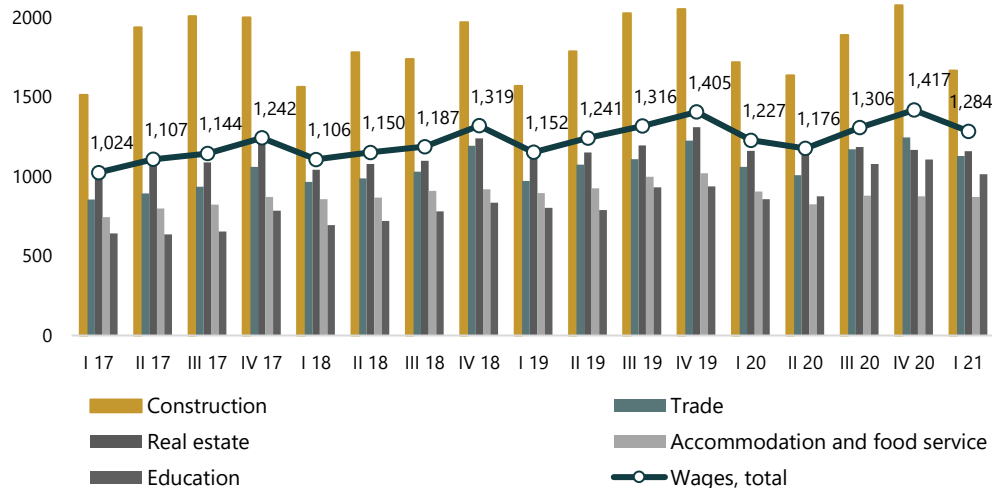
UNDP Human Development Index

Sources: UNDP



Average monthly nominal earnings in business sector

Sources: GeoStat



Labor force decomposition

Sources: GeoStat

Number of hired workers fell by 22,000 q-o-q and by 108,000 y-o-y in 1Q21, while the number of unemployed increased by 10,000 q-o-q and by 35,000 y-o-y



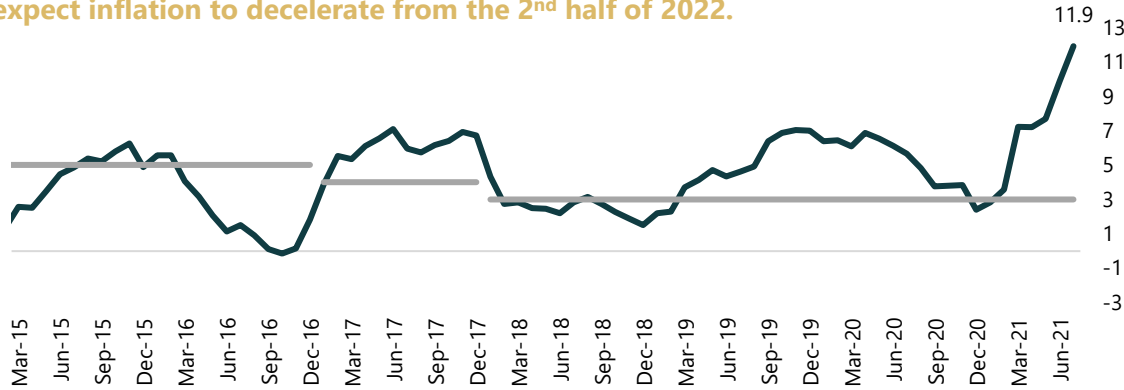
INFLATION TO STAY ABOVE TARGET IN 2021



Inflation y-o-y vs. inflation target

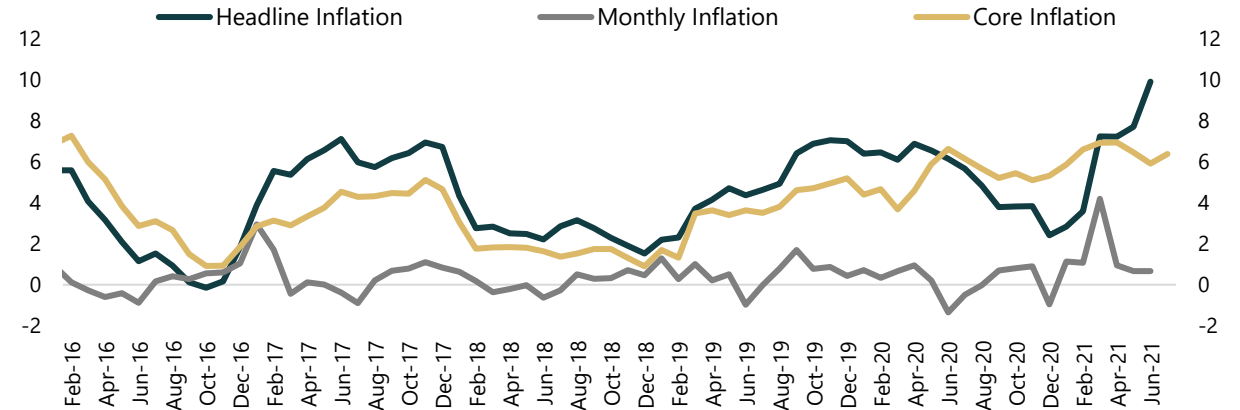
Sources: NBG, GeoStat

Inflation has picked up pace since April 2021 and reached 11.9% in July on the back of supply side pressures as well as recovering domestic demand. We expect inflation to decelerate from the 2nd half of 2022.



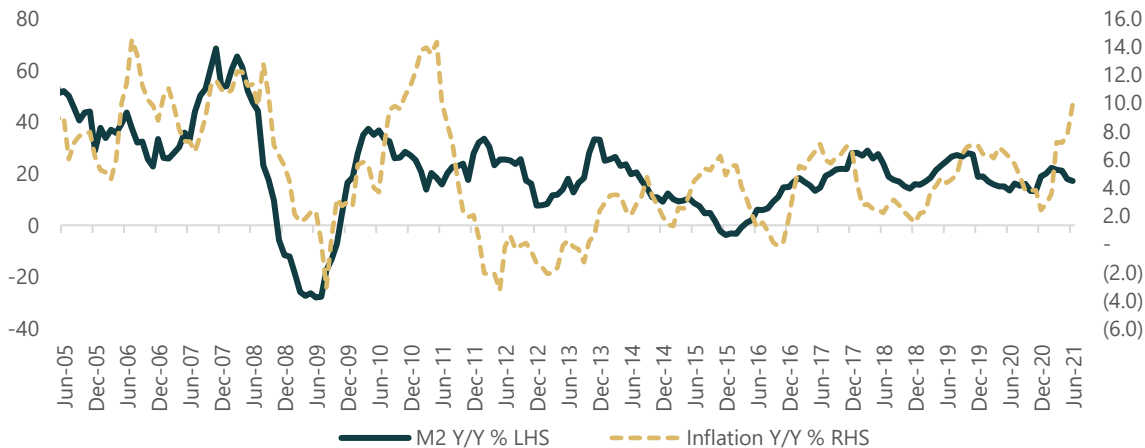
Price Indices

Source: GeoStat



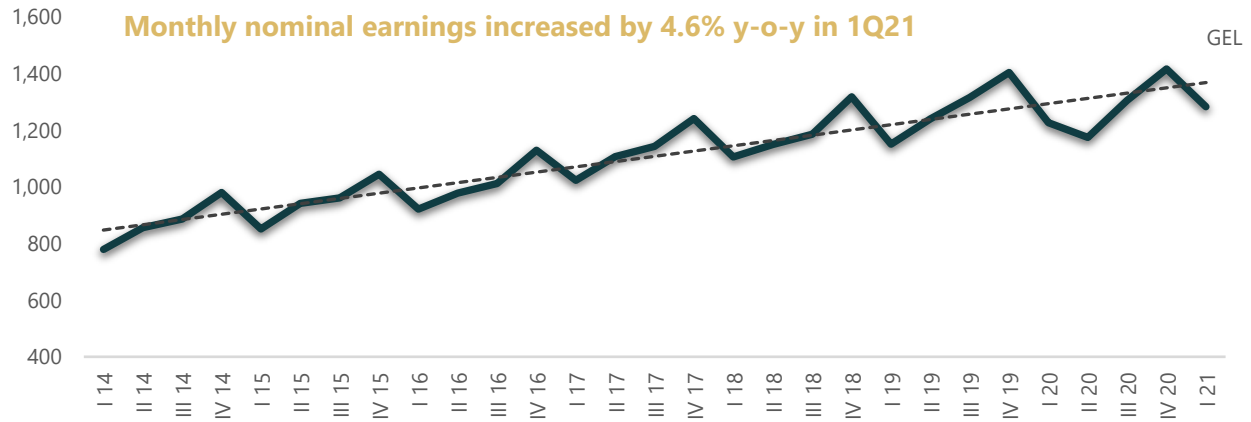
M2 vs. inflation, y-o-y, %

Sources: Geostat, NBG



Average monthly nominal earnings

Source: Geostat

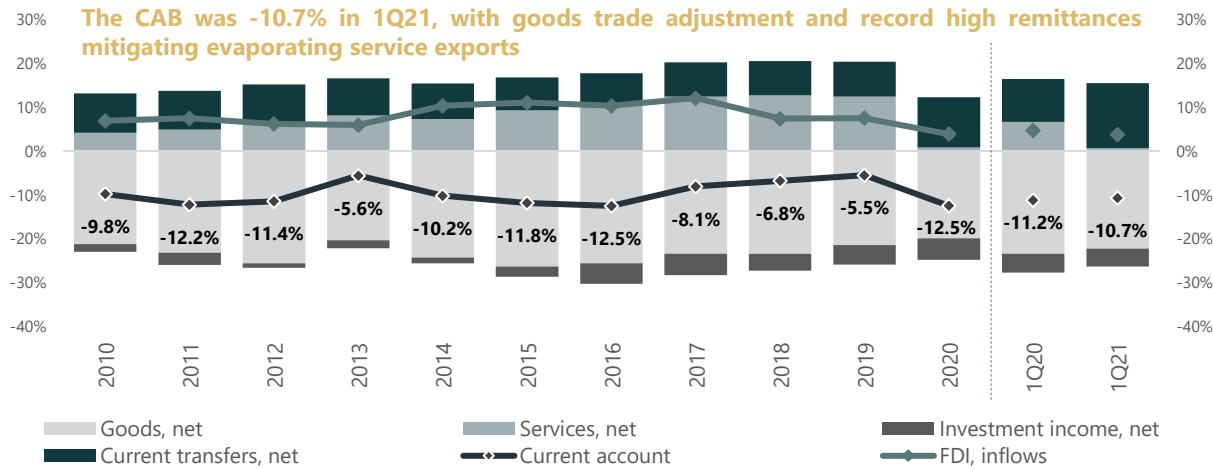


CURRENT ACCOUNT BALANCE ADJUSTING AFTER RECORD LOWS



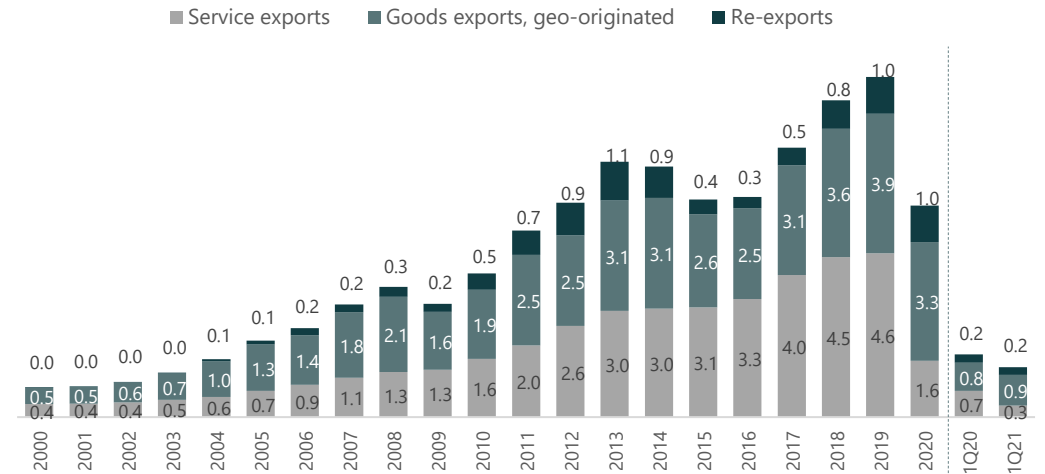
Current account balance (% of nominal GDP)

Sources: NBG



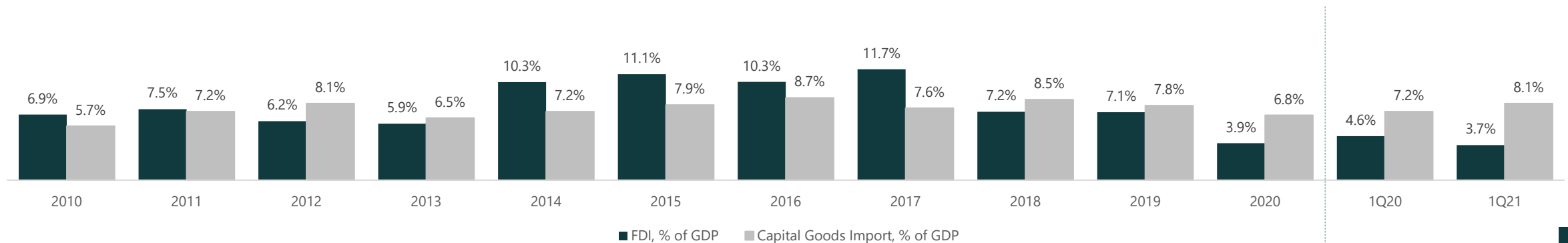
Exports and Re-exports, US\$ billion

Source: NBG



FDI and capital goods import

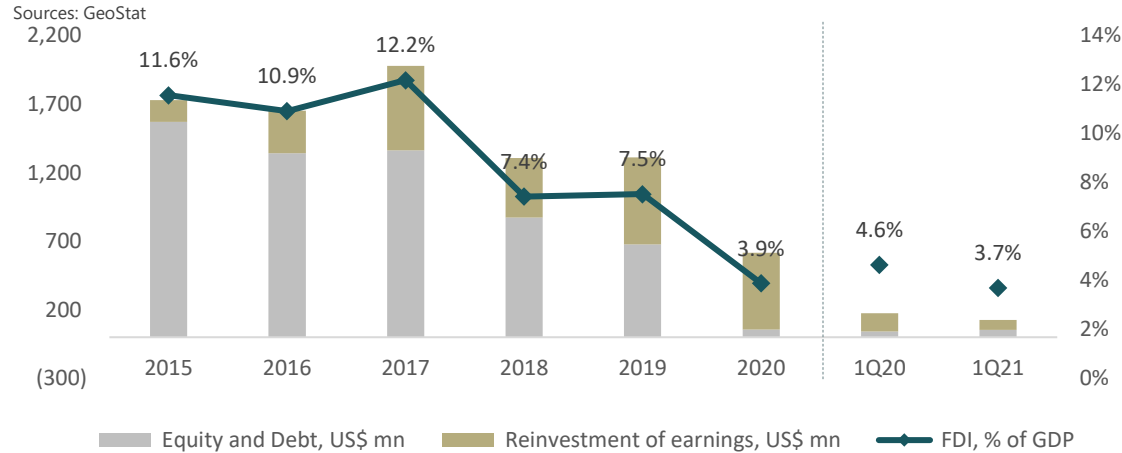
Source: GeoStat



RECORD HIGH REMITTANCES AND REBOUNDED MERCHANDISE EXPORTS MITIGATING GAP IN TOURISM REVENUES



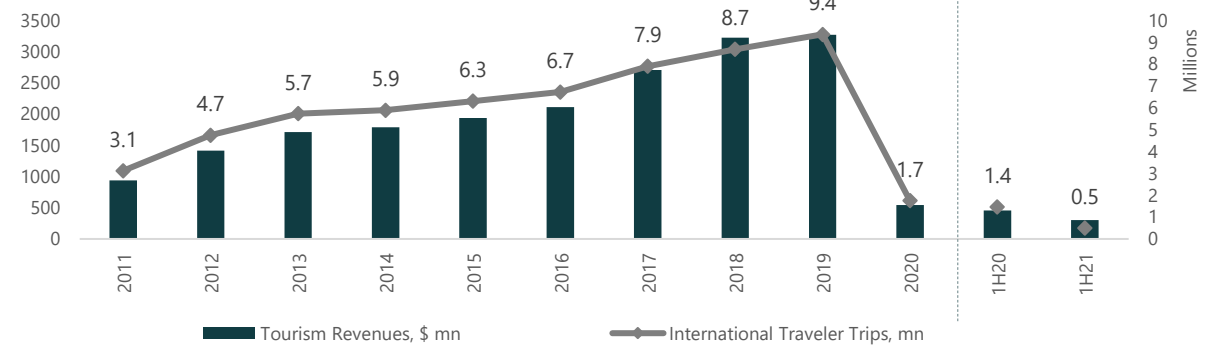
FDI totalled 3.6% of GDP in 1Q21, with equity and debt increasing by 31.3% and reinvestments falling by 46.3% y-o-y



Visitors and tourism revenues

Sources: GNTA, NBG

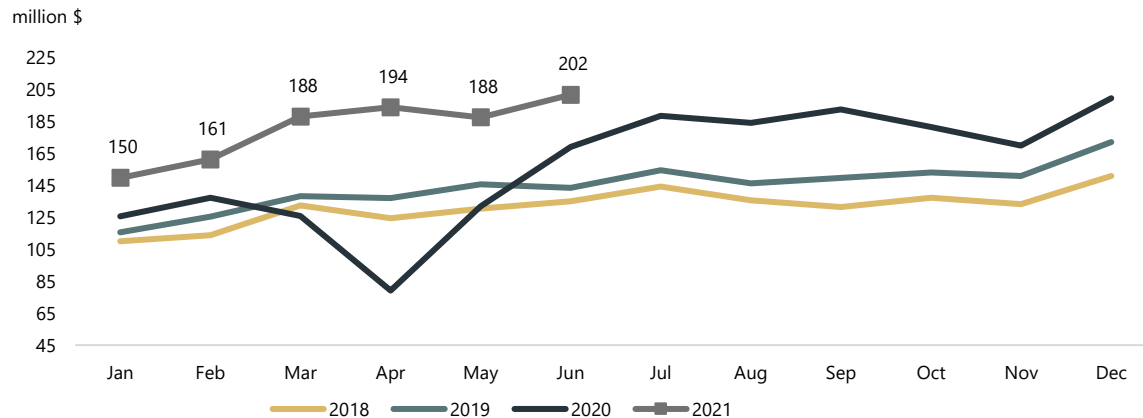
Tourism revenues fell by 34% in 1H21, a marked improvement compared to the post-COVID trend, with June 2021 tourism revenues rebounding to 36% of June 2019 level



Remittances at record high levels

Source: NBG

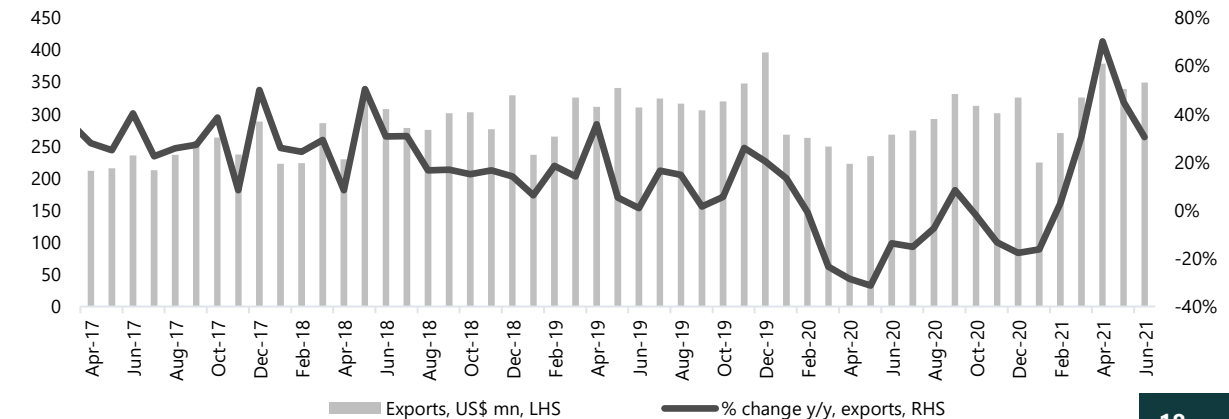
Remittance inflows continued growing at record levels, with 1H21 growth totaling 40.8% y-o-y



Merchandise exports

Source: Geostat

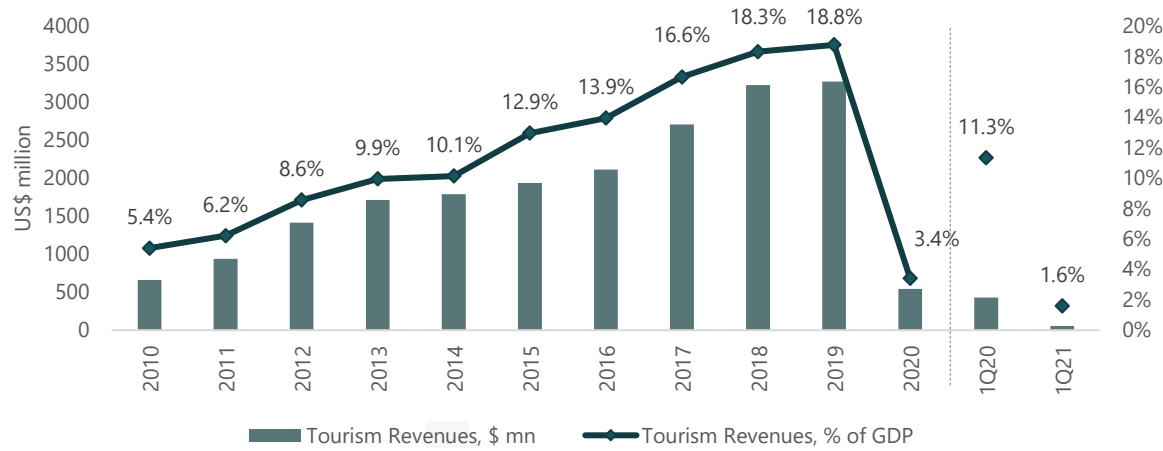
Goods exports grew by 25.5% y-o-y in 1H21



TOURISM SECTOR

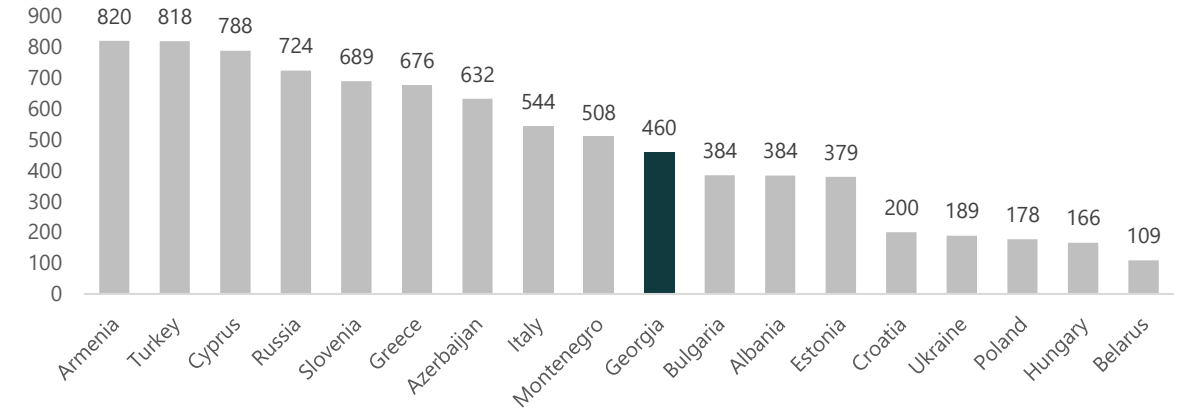
Tourism revenues to GDP

Sources: NBG, Geostat



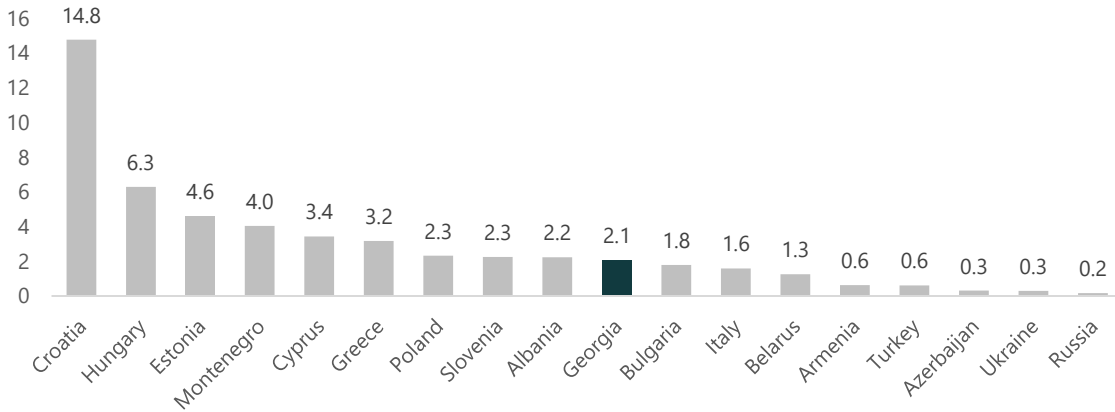
Spending per arrival, 2019

Source: WDI



Arrivals to country's population, 2019

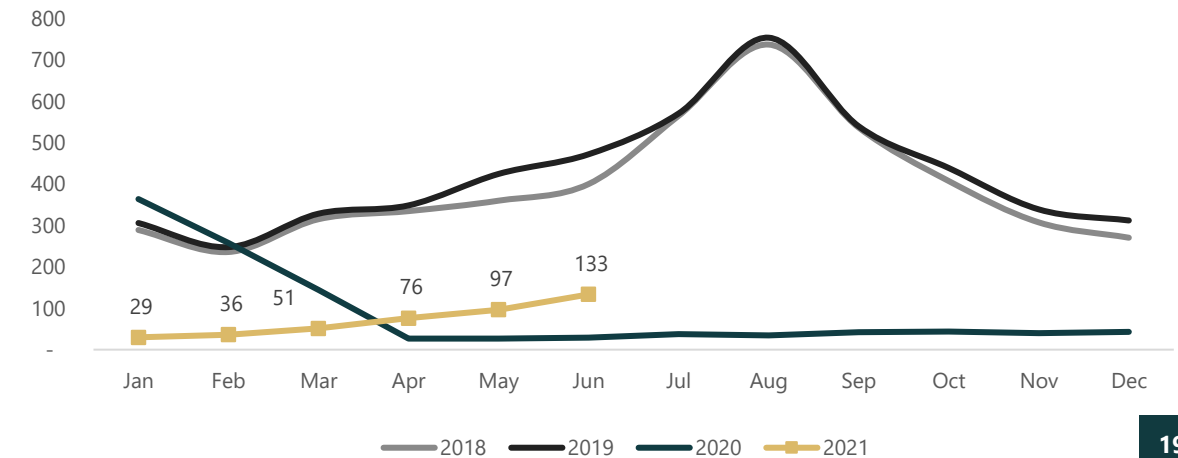
Source: WDI



Number of Tourists (overnight visitors)

Source: GNTA

The number of tourists fell by 50% in 1H21, although it grew by 272% in 2Q21

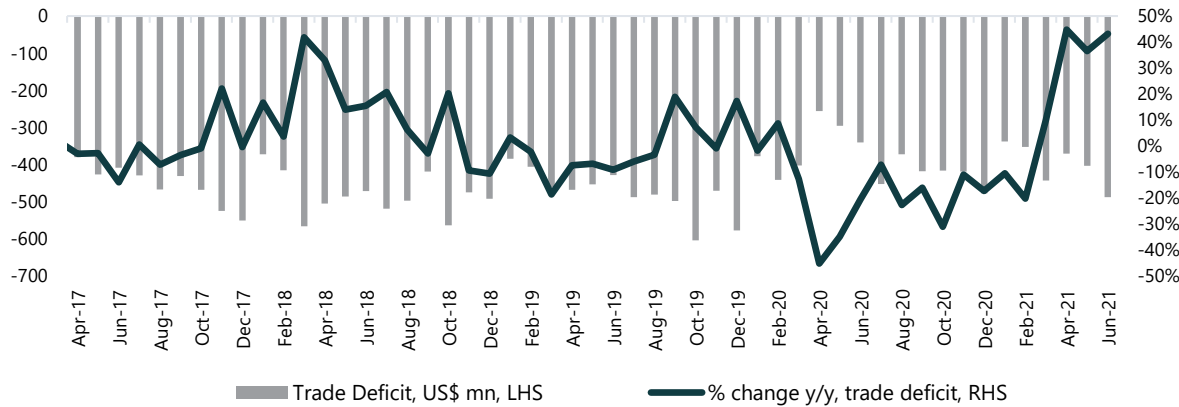


DIVERSIFIED FOREIGN TRADE

Goods' Trade Deficit

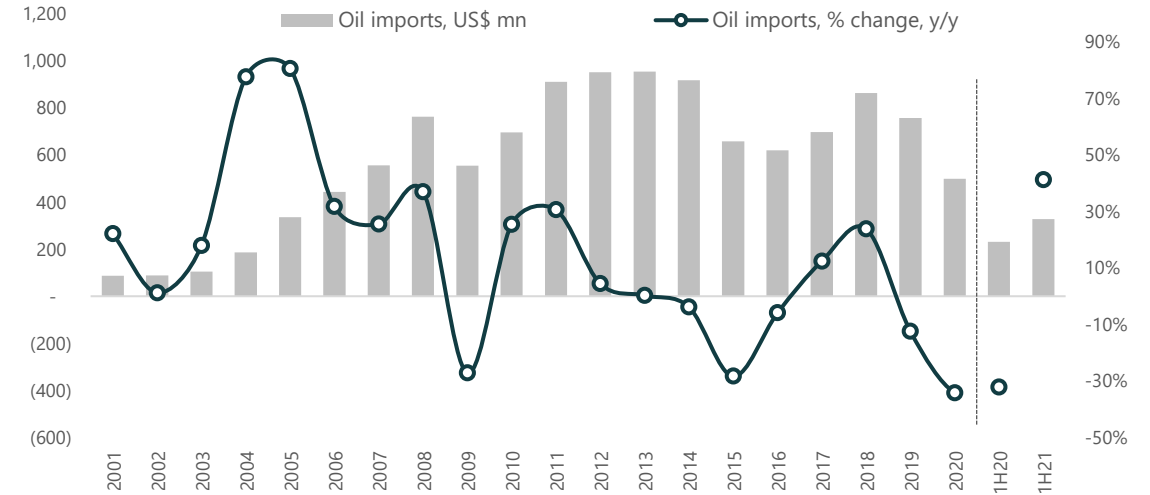
Source: GeoStat

In 1H21, the trade deficit widened by 13.3% y-o-y, as exports grew by 25.5% while imports increased by 18.4%



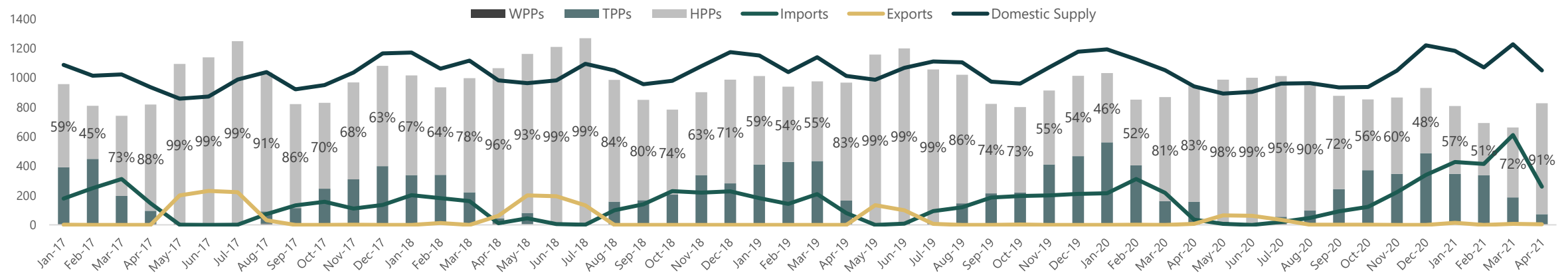
Oil imports

Source: GeoStat



Electricity generation and trade, GWH

Source: ESCO

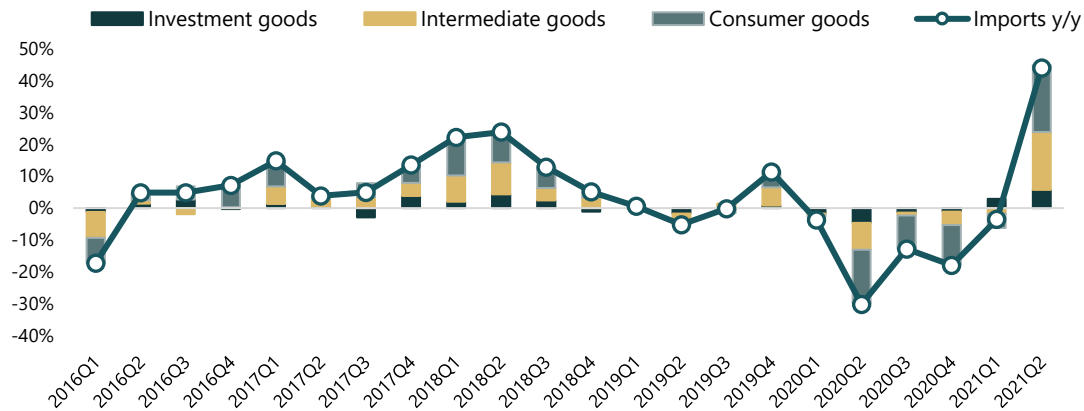


DIVERSIFIED FOREIGN TRADE

Imports of goods, contribution to growth

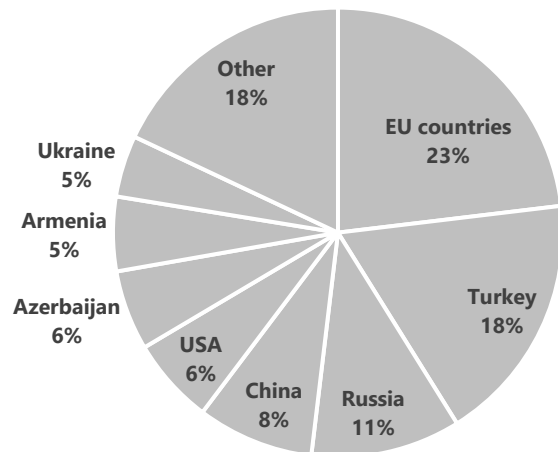
Source: NBG

Import of all types of goods increased in 2Q21, with intermediate and consumer goods rising the largest



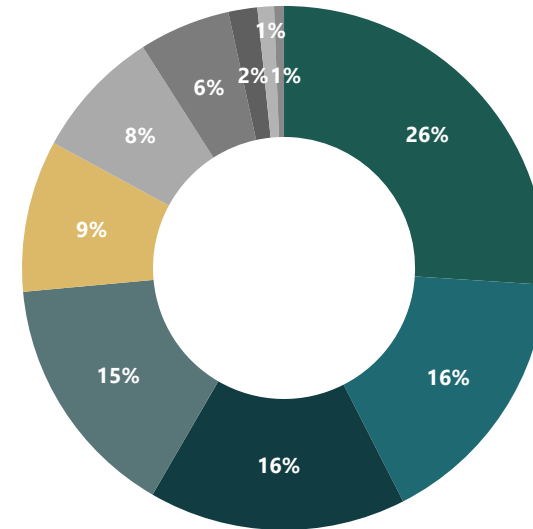
Import countries, 1H21

Sources: GeoStat



Foreign Demand, 1H21

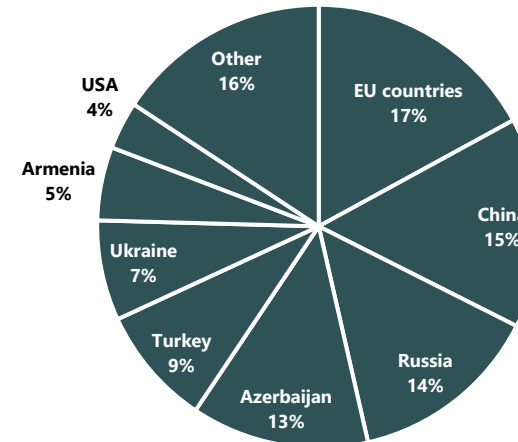
Source: Geostat



- Crude materials, inedible, except fuels
- Machinery and transport equipment
- Beverages and tobacco
- Manufactured goods classified by material
- Food and live animals
- Chemicals and related products, n.e.s.
- Miscellaneous manufactured articles
- Commodities not classified elsewhere
- Mineral fuels, lubricants and related materials
- Animal and vegetable oils, fats and waxes

Export countries, 1H21

Sources: GeoStat



China was the single largest destination country for Georgian exports in 2020 with a 14.3% share, and continues to be a leading export market in 2021, accounting for 15.4% of total exports as of 1H21

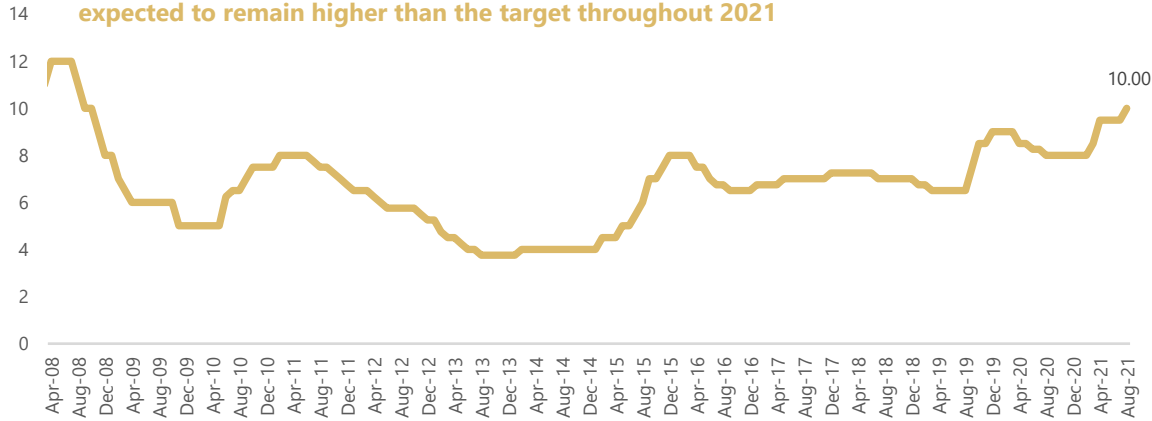
PRUDENT MONETARY POLICY ENSURES MACRO-FINANCIAL STABILITY



Monetary policy rate

Sources: NBG

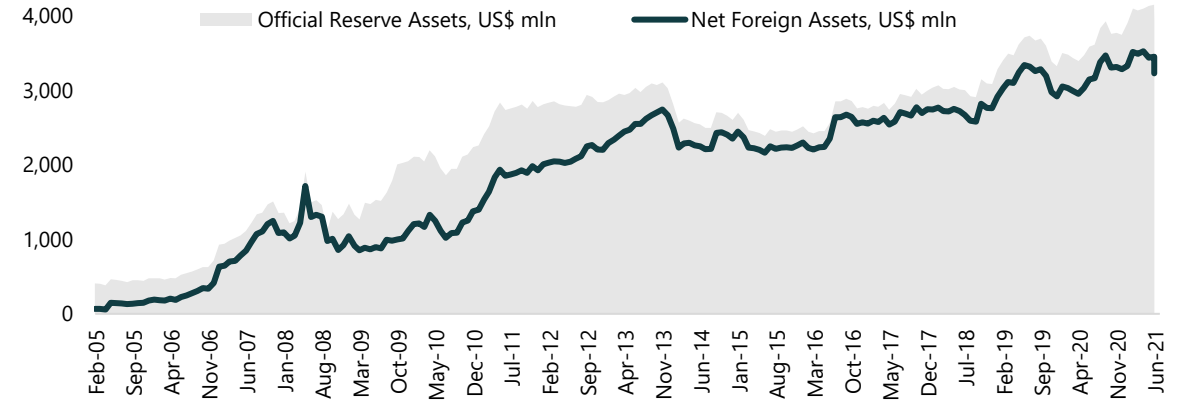
NBG further increased the monetary policy rate to 10% in August, as inflation is expected to remain higher than the target throughout 2021



International Reserves

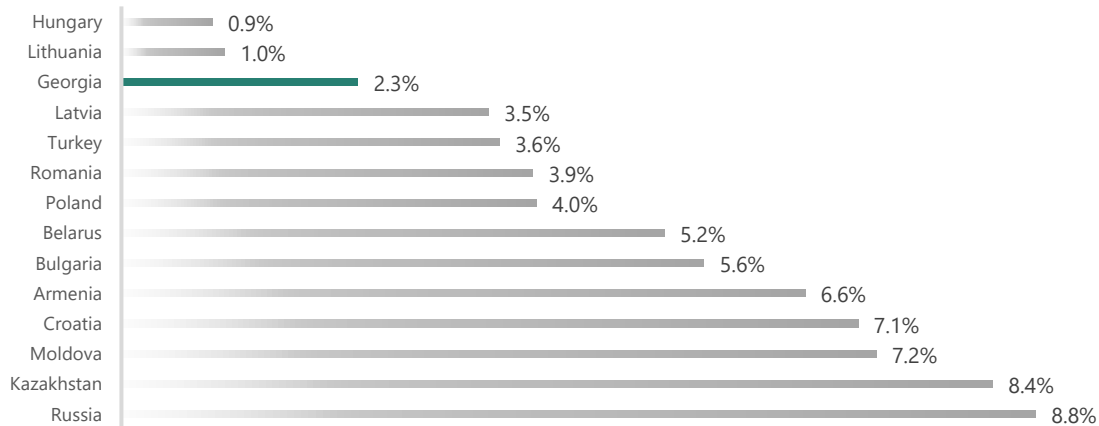
Sources: NBG

International reserves grew by 8.4% y-o-y to reach US\$ 3.9 billion by the end of June 2021, although reserves fell by 5.6% m-o-m due to the closing of NBG swaps



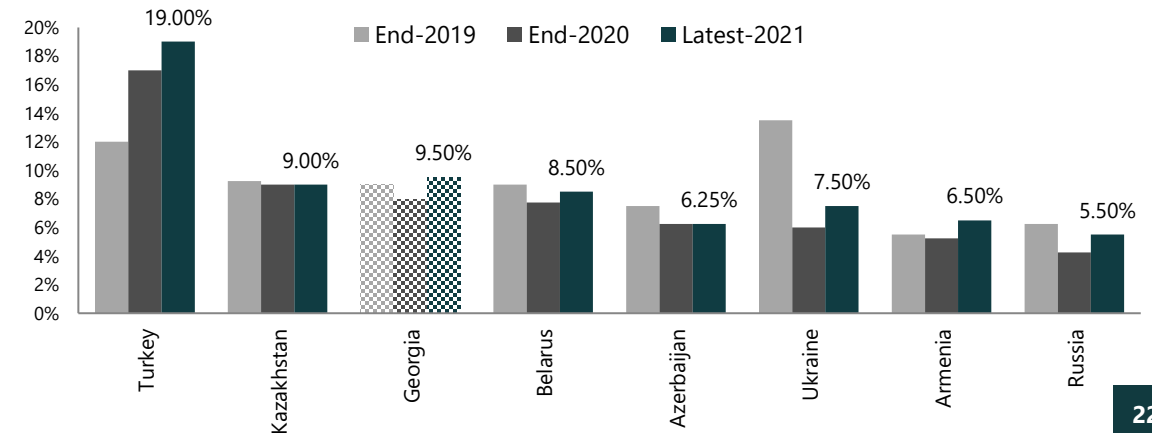
Nonperforming loans to total gross loans, latest 2021

Sources: IMF



Monetary policy rate vs peers

Sources: Central banks



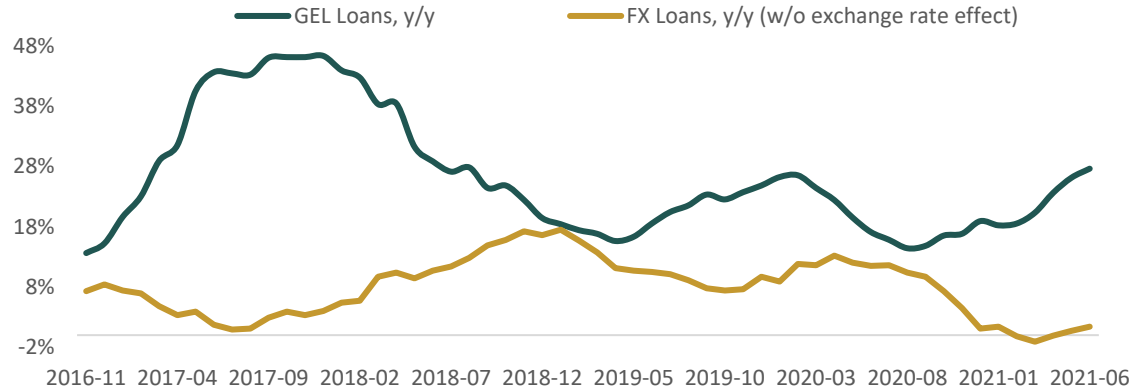
FLOATING EXCHANGE RATE - POLICY PRIORITY



Loans by currencies

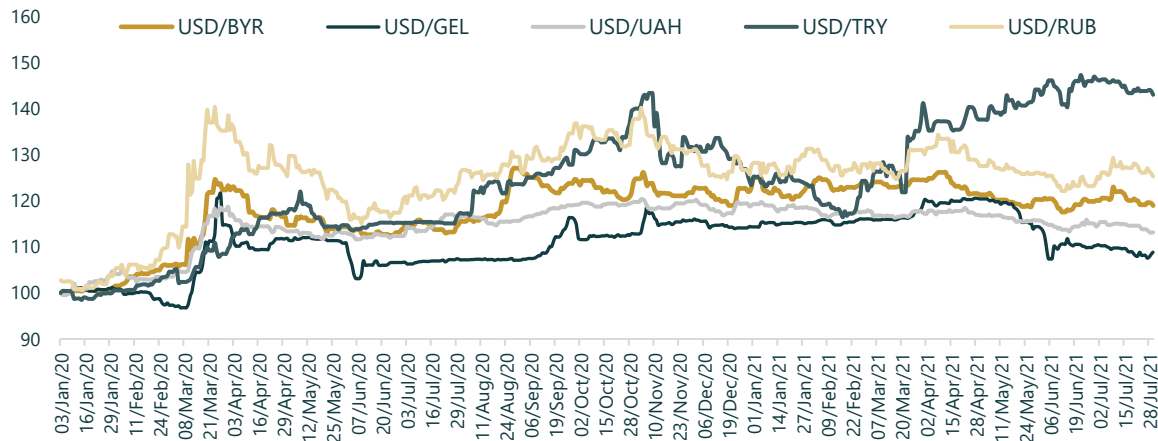
Sources: NBG

In parallel with the rebound in economic activity, both GEL and FX loans have started to increase since April, supporting GEL appreciation, with FX loan acceleration further aided by monetary tightening

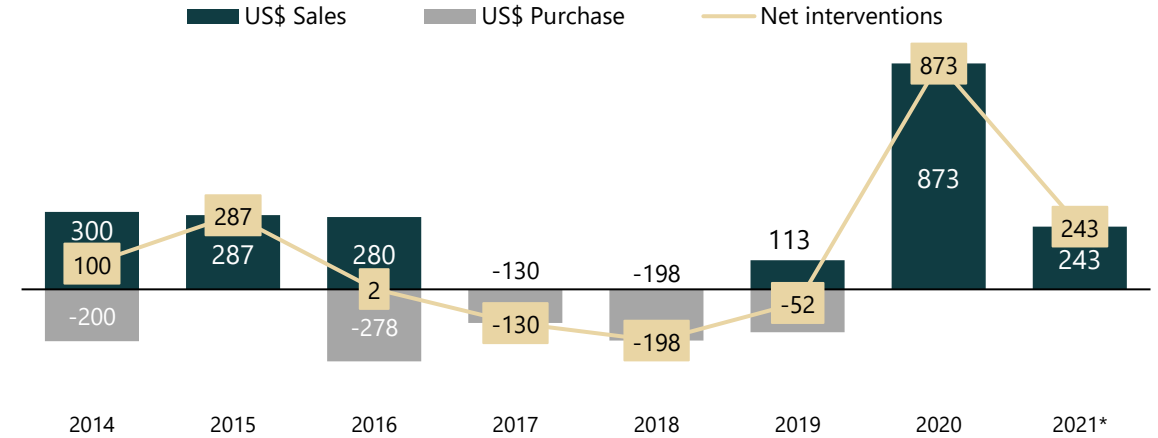


Exchange rate indices (1 January=100)

Sources: NBG



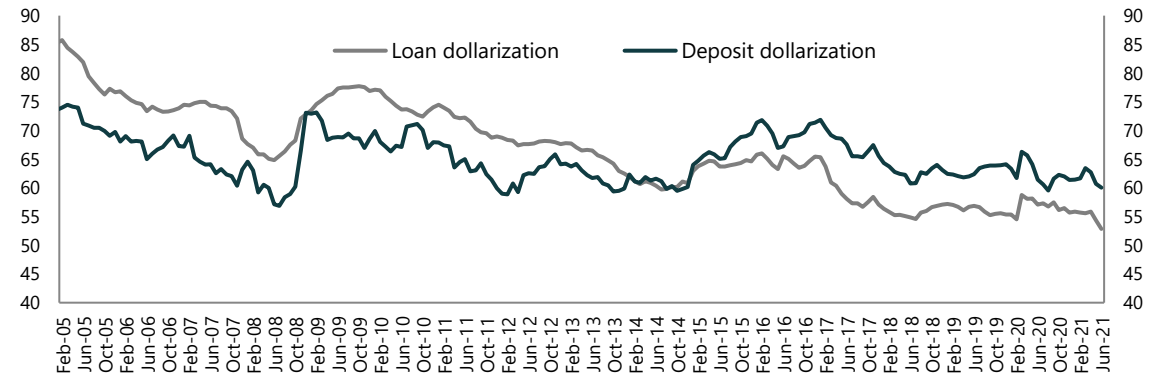
NBG has sold \$1.12 billion since March 2020 up to July 2021 on the foreign exchange market, with the last intervention coming in April 2021



Dollarization ratios

Source: NBG

Both deposit and loan dollarization jumped in March 2020 on the back of the pandemic and GEL depreciation, but have declined since then

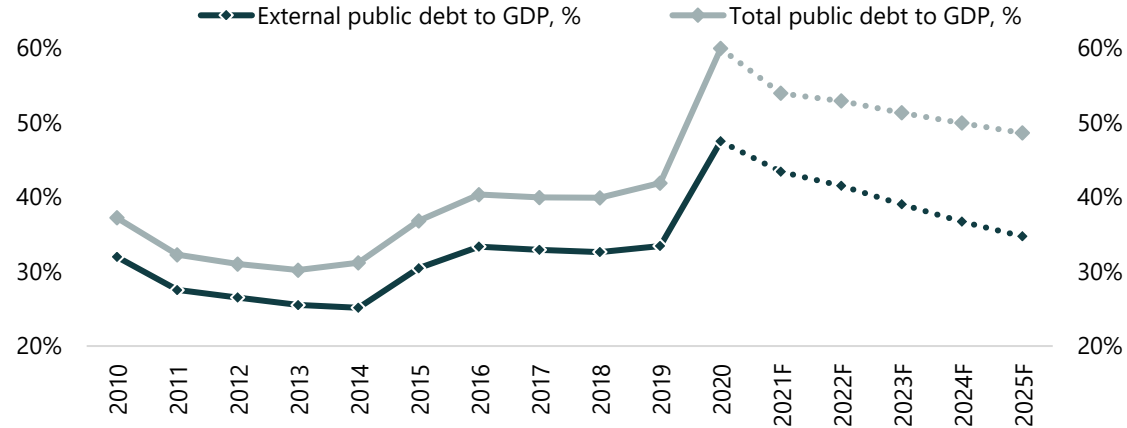


PUBLIC DEBT TO DECREASE THROUGHOUT THE MEDIUM RUN



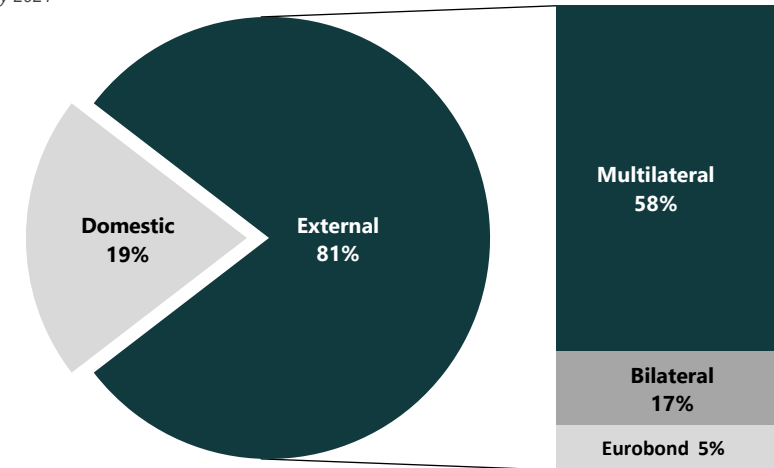
Public debt

Sources: MOF **Public debt is expected to fall to 54% of GDP, with a consolidation plan in place for the medium run**



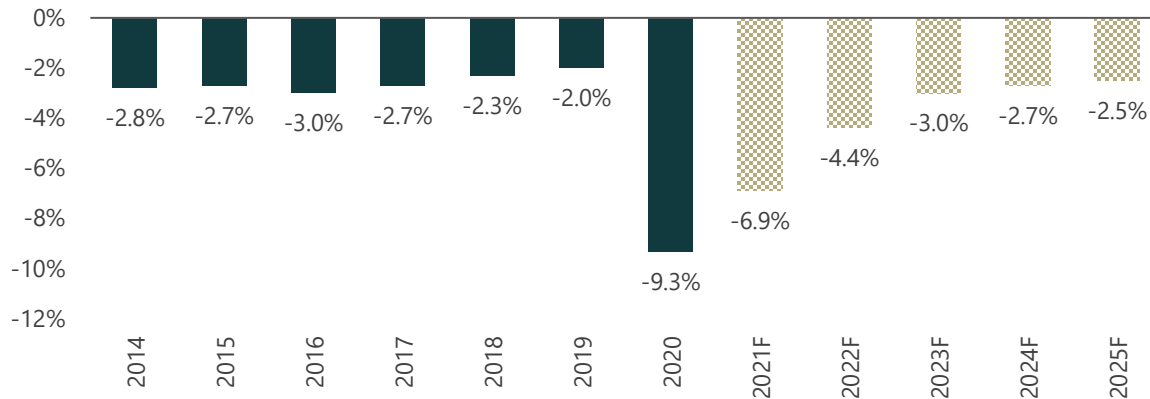
Breakdown of public debt

Source: MOF, as of 31 May 2021



Overall Balance (IMF Modified), % of GDP

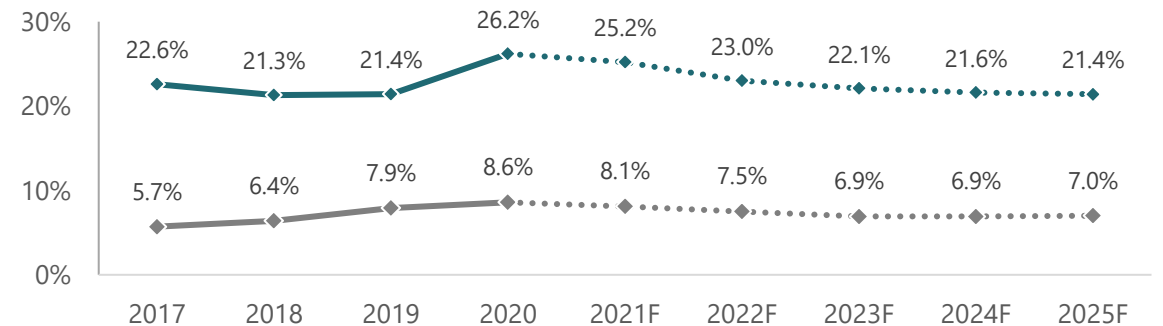
Source: MOF



Current vs Capital Expenditure, % of GDP

Source: MOF

Current expenditures jumped due to the pandemic-related expenses, while capital expenditures remained very high



◆◆◆ Current Expenditures ◆◆◆ Capital Expenditures (Acquisition of Non-financial Assets)

FORWARD LOOKING STATEMENTS



This presentation 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: impact of COVID-19; regional instability; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; and other key factors that could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in the 1H21 Results Announcement and Georgia Capital PLC's Annual Report and Accounts 2020. 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 presentation should be construed as a profit forecast.

COMPANY INFORMATION

Georgia Capital PLC

Registered Address
42 Brook Street
London W1K 5DB
United Kingdom

www.georgiacapital.ge

Registered under number 10852406 in England and Wales

Stock Listing

London Stock Exchange PLC's Main Market for listed securities
Ticker: "CGEO.LN"

Contact Information

Georgia Capital PLC Investor Relations
Telephone: +44 (0) 203 178 4052; +995 322 000000
E-mail: ir@gcap.ge

Auditors

Ernst & Young LLP
1 More London Place
London, SE1 2AF
United Kingdom

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

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) 370 702 0176

Share price information

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