

EDUCATION BUSINESS

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TABLE OF CONTENTS



1 PRIVATE K-12 MARKET IN GEORGIA

2 EDUCATION BUSINESS

3 STRATEGY

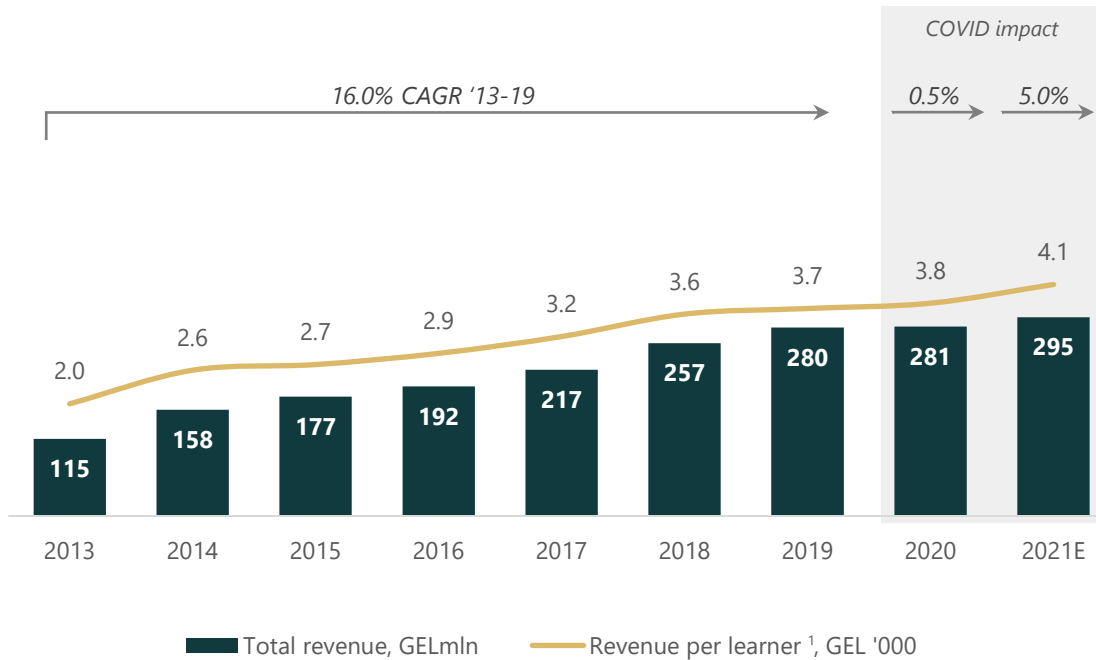
4 ANNEX

PRIVATE K-12 MARKET IN GEORGIA



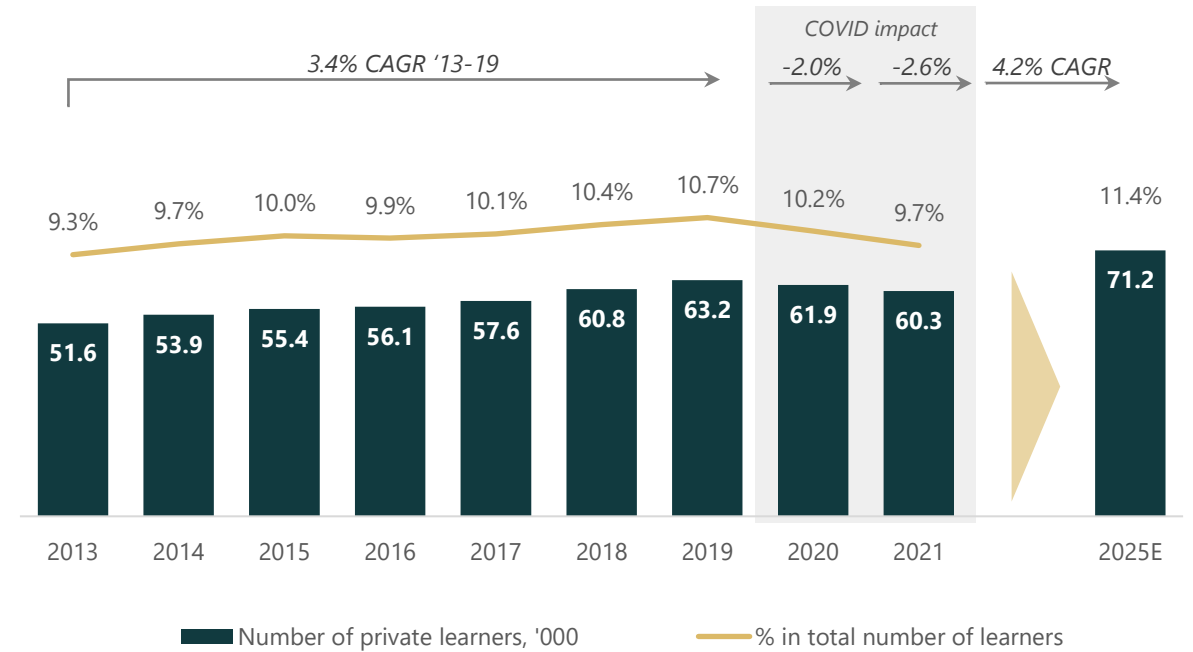
Private K-12 market saw moderate growth in value terms and declined in number of learners during the pandemic

Turnover of private K-12 market



- Although slowed down vs historical annual growth of 16%, market has still grown by average 2.7% since the start of the pandemic
- Market growth was driven by increase in average revenue per learner by 5.6% CAGR '19-21

Number of learners in private K-12 market



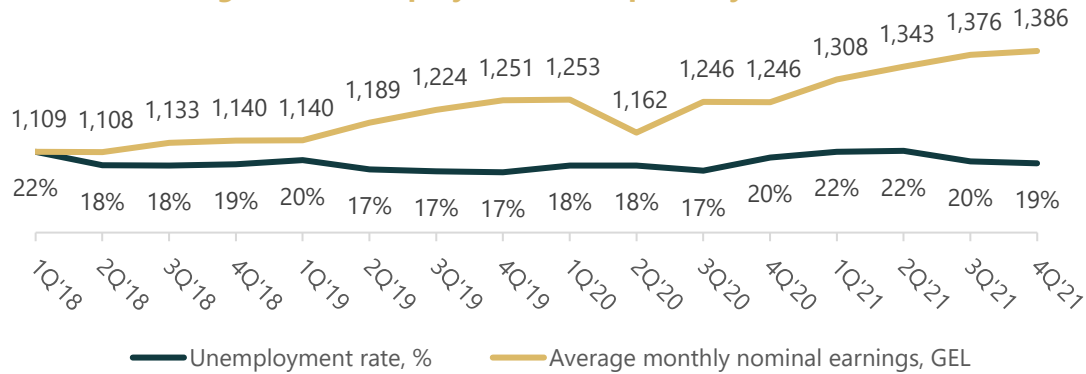
- Number of learners fell for 2 consecutive years by average 2.3% vs. pre-pandemic annual growth of 3.4%
- 1st grader intakes fell by 8%, while II-XII graders churn to public schools increased 14x vs. pre-pandemic average

Source: Ministry of Education of Georgia, G&T, GCAP estimates

MARKET GROWTH DRIVERS

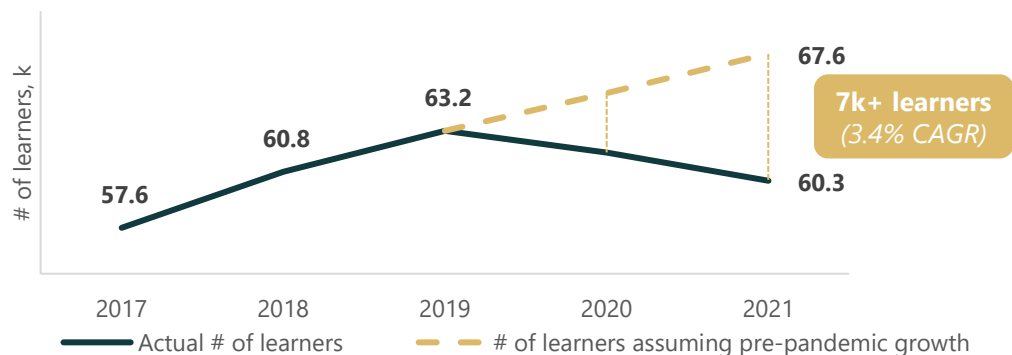
Nominal earnings & unemployment rate rebounding after COVID driven downturn

Nominal earnings¹ and Unemployment rate, quarterly



COVID impact recovery is expected to reflect in 7k+ learners moving from public to private schools in short-term

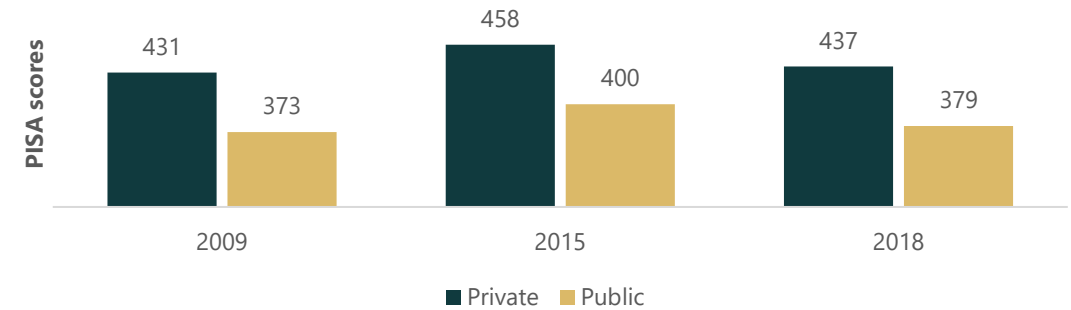
Covid impact adjusted K-12 market growth for 2020 and 2021



Source: Geostat, OECD, Ministry of Education of Georgia, G&T, GCAP estimates

Large gap in quality of public vs. private schools

PISA² study results in Georgia

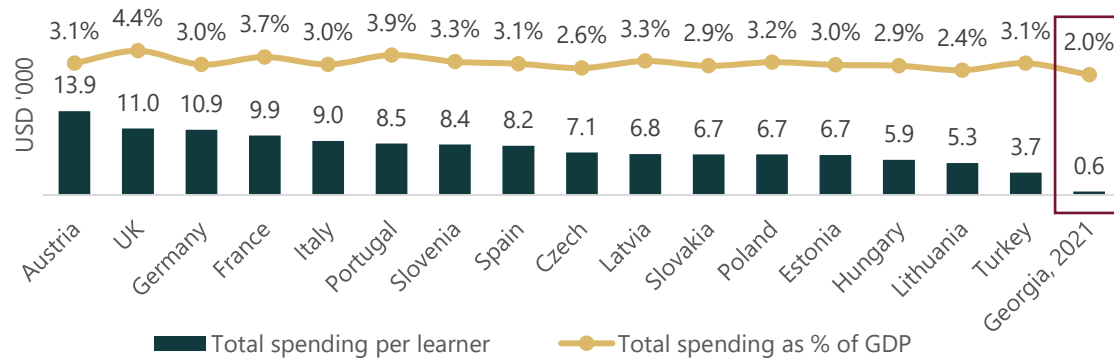


- **Nominal earnings & unemployment rate rebounding after COVID driven downturn**
 - Average monthly nominal earnings have grown by 11.3% YoY in 4Q2021 vs. average 7.6% YoY pre-pandemic growth, reaching all time high
 - Unemployment rate improved to 19% in 4Q2021 from its peak 22% in 1Q2021
- **Large gap in quality of public vs. private schools**
 - Private schools outperformed public schools in Georgia in all the subjects tested by PISA
 - Gap between private and public schools remains unchanged over the last 10+ years
 - Georgia ranks significantly below OECD average - 67th in math, 71st in reading and 74th in science (out of 78 countries)

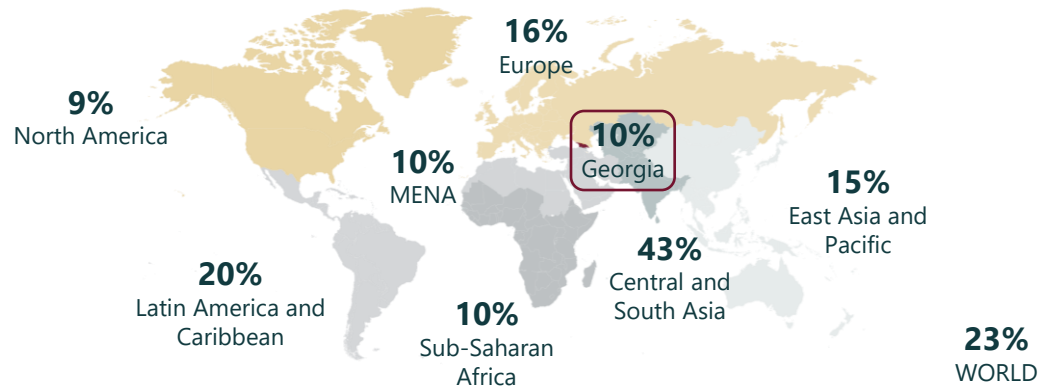
MARKET GROWTH DRIVERS (CONT'D)

Demand on private education is trending globally, growth attributable to regions with lower spending on Education

Total spending on K-12 education, 2018



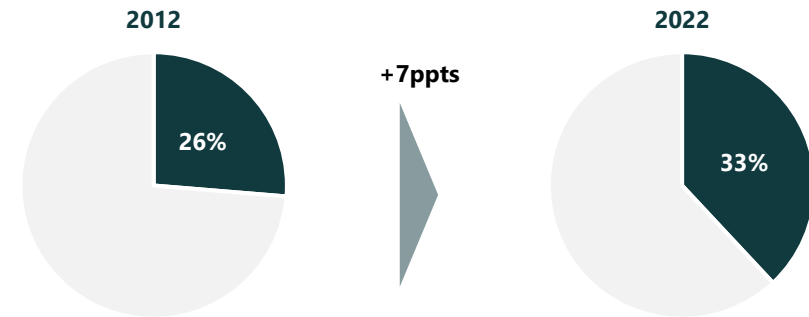
Private K-12 learners' share in total, 2020



Source: UNESCO, OECD, Ministry of Finance

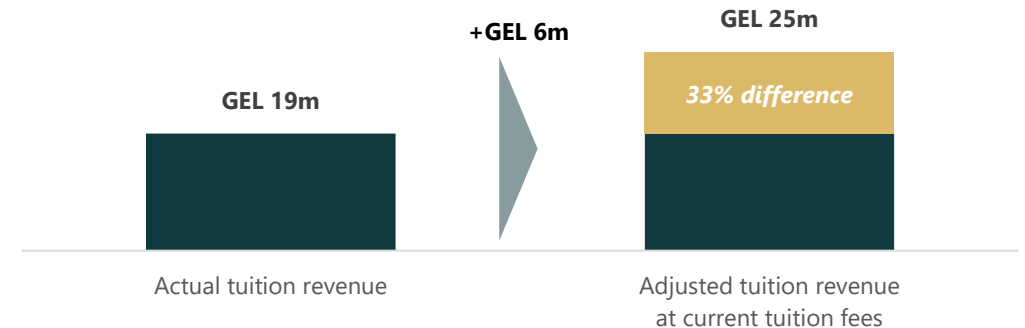
Larger players gaining market share

Learners' market share of top 20 private schools in Georgia



High certainty organic growth through pre-agreed periodic contract renewals for existing learners

GCAP Education business actual vs. adjusted tuition revenue
2021-22 academic year - excluding International segment¹



Georgia Capital PLC | 1. Not applicable to International segment where learner enrolment contracts and renewed annually with new tuition fees.

EDUCATION BUSINESS OVERVIEW

We are the largest player in private K-12 market with 5% market share in Georgia

BUILT LEARNER CAPACITY

5,060

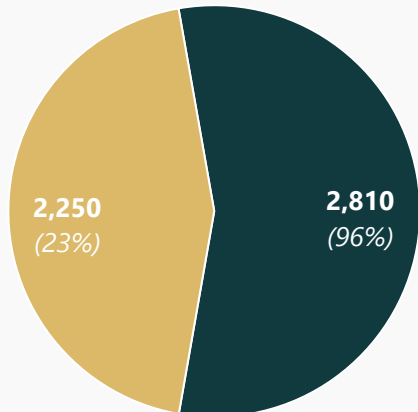
NUMBER OF CAMPUSES

5

NUMBER OF BRANDS

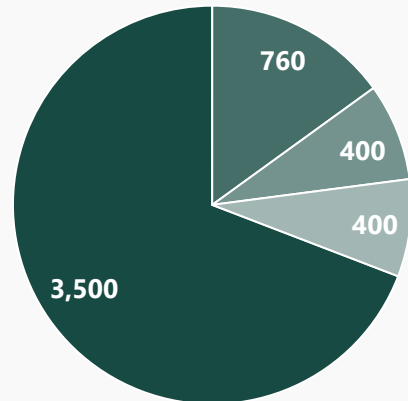
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5,060 BUILT LEARNER CAPACITY
(64% UTILIZATION)



● HIGH UTILIZATION CAPACITY
● RECENTLY ADDED CAPACITY

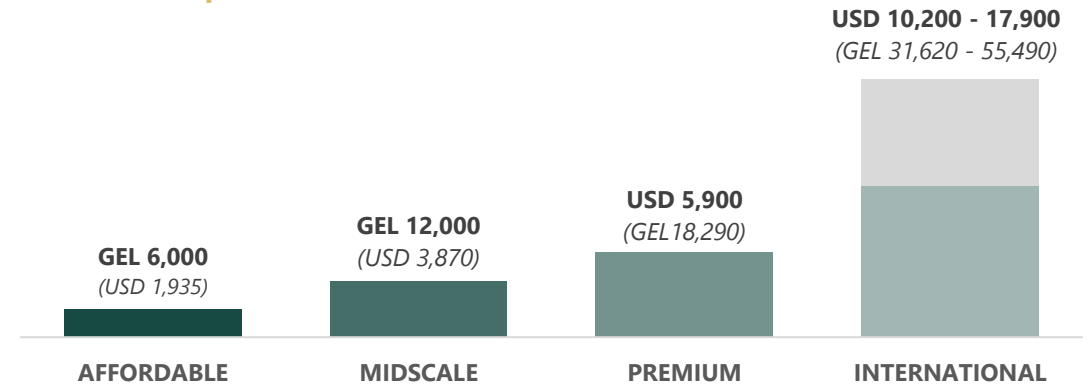
SEGMENT BREAKDOWN OF 5,060 BUILT LEARNER CAPACITY



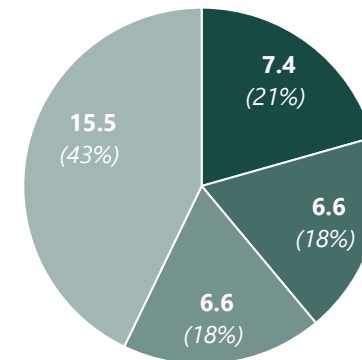
● AFFORDABLE ● PREMIUM
● MIDSCALE ● INTERNATIONAL

Diversified revenue streams through presence across 4 price segments

Tuition fees¹, per annum



Revenue, 2021-2022 academic year, GELm



● AFFORDABLE ● PREMIUM
● MIDSCALE ● INTERNATIONAL

MAJOR DEVELOPMENTS IN 2021

Recently added capacity of 2,250 learners at 50% discount to replacement cost

1 ACQUISITION OF OPERATIONAL SCHOOL Georgian-Austrian School Pesvebi

AFFORDABLE SEGMENT



2 LAUNCH OF A NEW CAMPUS LOCATION Green School Nadzaladevi

AFFORDABLE SEGMENT



3 EXPANSION OF EXISTING OPERATIONAL CAMPUS¹ Green School Dighomi

AFFORDABLE SEGMENT



4 ACADEMIC DEVELOPMENTS Introduction of IB curriculum

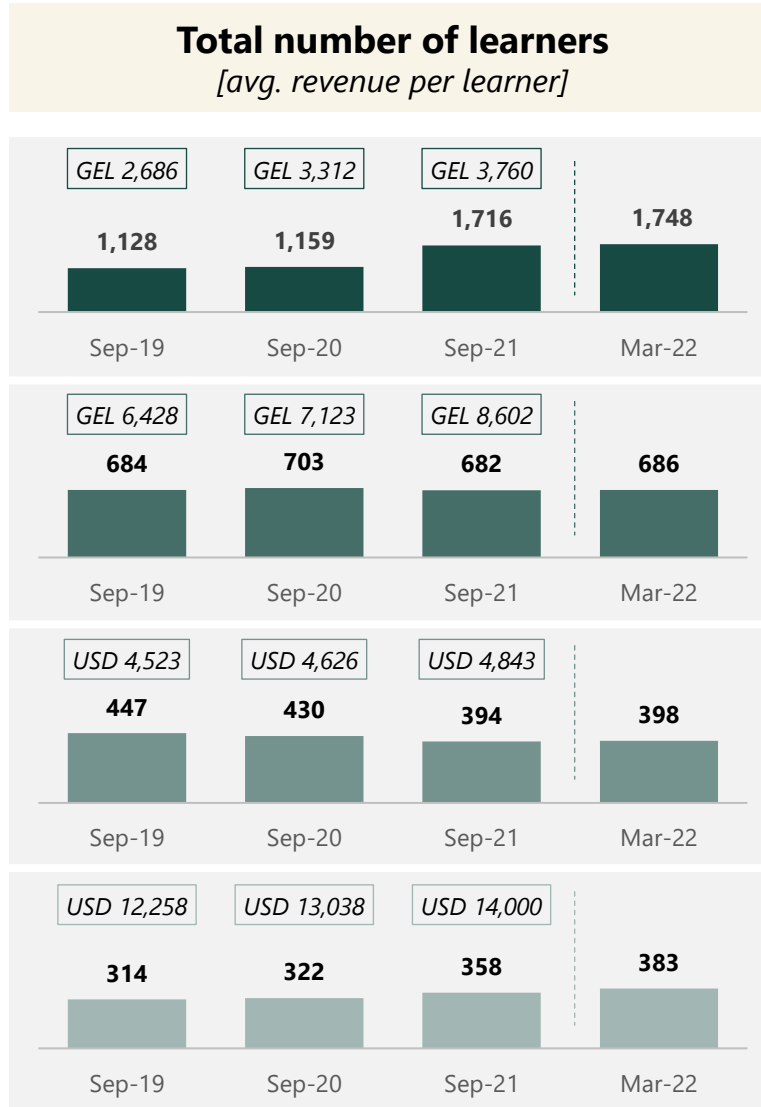
PREMIUM SEGMENT

- **Starting September 2022, BGA (premium segment school) will switch from current Georgian curriculum to International Baccalaureate (IB) curriculum for VII-XI grades**
- IB is a global leader in international education that offers high quality educational programmes to more than 1.95m learners aged 3 to 19 internationally
- Schools must be authorized to teach IB programmes. Currently, BGA is a candidate school pursuing authorization as an IB World School
- Through introduction of IB curriculum, BGA's offering will be more tailored towards existing demand on the market

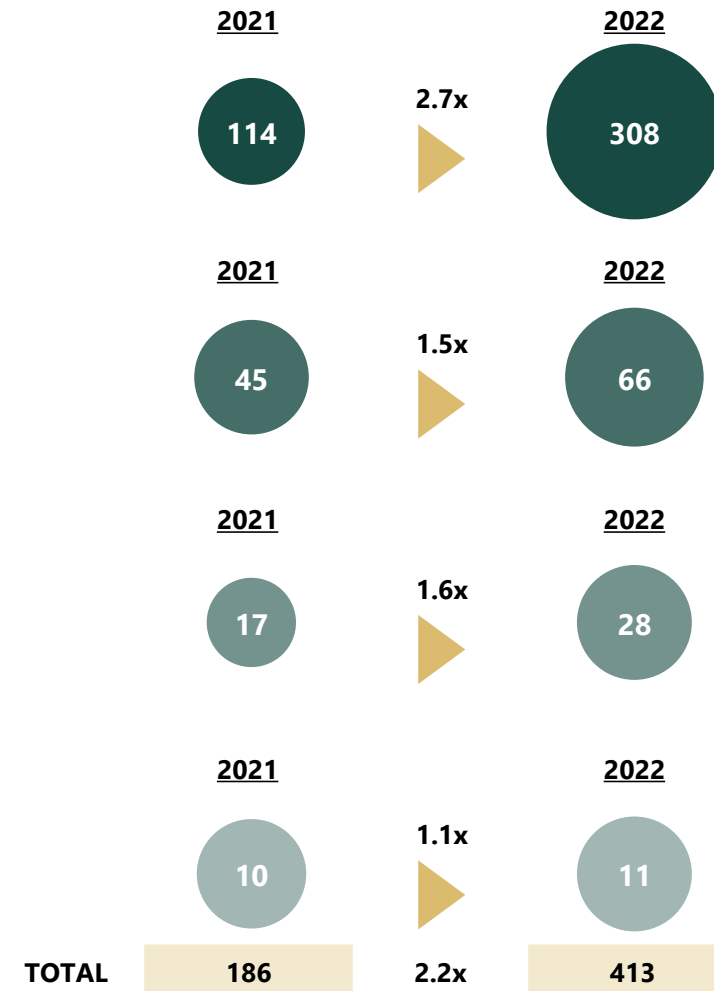
Additional built learner capacity	1,200	600	450
Ramp-up period ²	5-6 years	2-3 years	2-3 years
Eventual learner capacity ³	1,500	1,750	450
Investment per eventual learner capacity, GEL	5,500	6,900	3,700
Estimated replacement cost per eventual learner capacity, GEL	11,000	9,700	8,300

OPERATIONAL PERFORMANCE

AFFORDABLE
MIDSCALE
PREMIUM
INTERNATIONAL



1st grader registrations for next academic year as of May 1st



FINANCIAL PERFORMANCE



Results: FY 2019, 2020 & 2021 - 1Q'21 & 1Q'22

	2019	2020	2021	Change CAGR 2019-'21	1Q'21	1Q'22	Change 1Q'21 vs. 1Q'22	Organic growth ¹ 1Q'21 vs. 1Q'22
<i>All amounts in GEL '000</i>								
Revenue	24,575	25,794	31,196	13%	7,436	10,803	45%	38%
EBITDA	7,264	8,348	10,106	18%	2,748	4,317	57%	56%
EBITDA margin, %	29.6%	32.4%	32.4%	3 ppts	37.0%	40.0%	+3 ppts	+5 ppts
Operating cash flow	9,590	7,877	11,881	11%	1,576	1,684	7%	5%
Net Debt	14,675	18,548	16,489	6%	17,329	16,246	-6%	-25%
Debt to LTM EBITDA	2.7x	3.0x	2.5x	-0.2x	3.0x	2.2x	-0.8x	-1.0x

- During the pandemic crisis, education business Revenue grew by 13% CAGR, while EBITDA grew by 18% CAGR with 3ppts EBITDA margin enhancement – organic growth being the main driver
- Strong performance continued in 2022 - 45% and 57% YoY growth in 1Q'22 Revenue and EBITDA respectively, with EBITDA margin enhancement of 3ppts

WHY WE LIKE THE EDUCATION BUSINESS



1 Growing, fragmented market with consolidation trend

- Market turnover CAGR of 16% during pre-pandemic period 2013-19
- 2nd market player after GCAP holds <3% market share
- Top 20 schools gaining market share



2 Low dependency on the Government

- No regulations on tuition fees
- Government dependent Revenue for GCAP education business <2.5%



3 High resilience to crisis

- High growth demonstrated by GCAP schools during significant crisis for the sector creating substantial disruption in providing services
- Organic growth of 42% on EBITDA and 24% on Revenue during 2019-21 pandemic period



4 Predictable and sticky revenue

- Average customer lifetime of 10+ years
- Low churn of <4% per annum
- High switching cost for customers



5 Strong profitability

- 35%+ EBITDA margin at currently operational campuses with high utilization capacity
- 110%+ EBITDA to cash conversion rate



6 CAPEX efficient business

- Simple infrastructure development process, staged in-line with utilization growth
- Maintenance CAPEX <3% of revenue



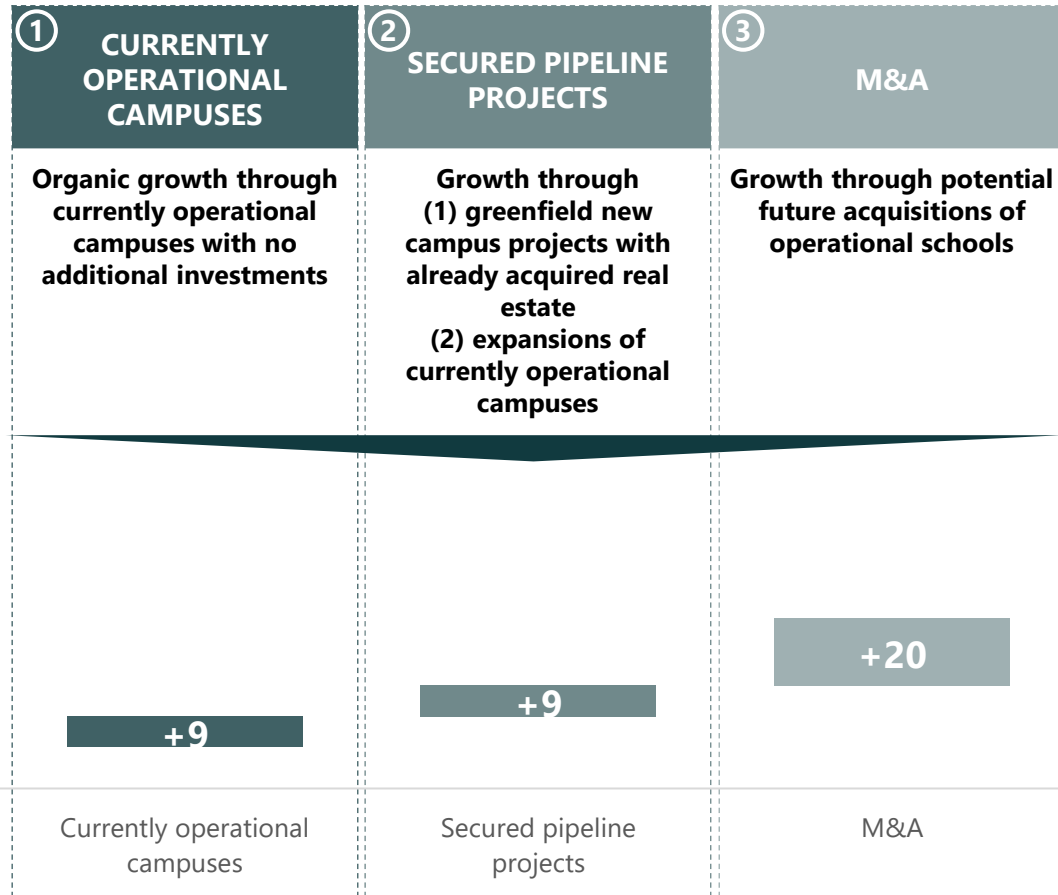
7 Positive ESG impact

- c.70% of learner capacity in Affordable segment – making high quality education accessible
- Investing in infrastructure improvement to create a safe and comfortable learning environment

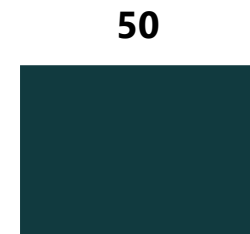
GROWTH DRIVERS

Education business EBITDA buildup

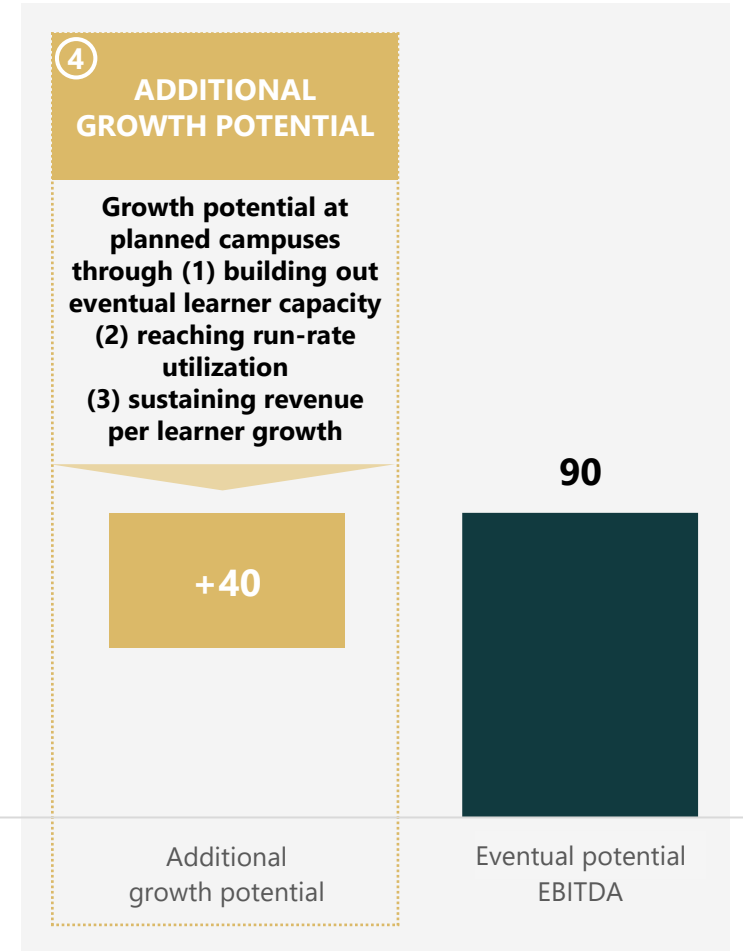
All amounts in GELm



EBITDA 2021-22 academic year



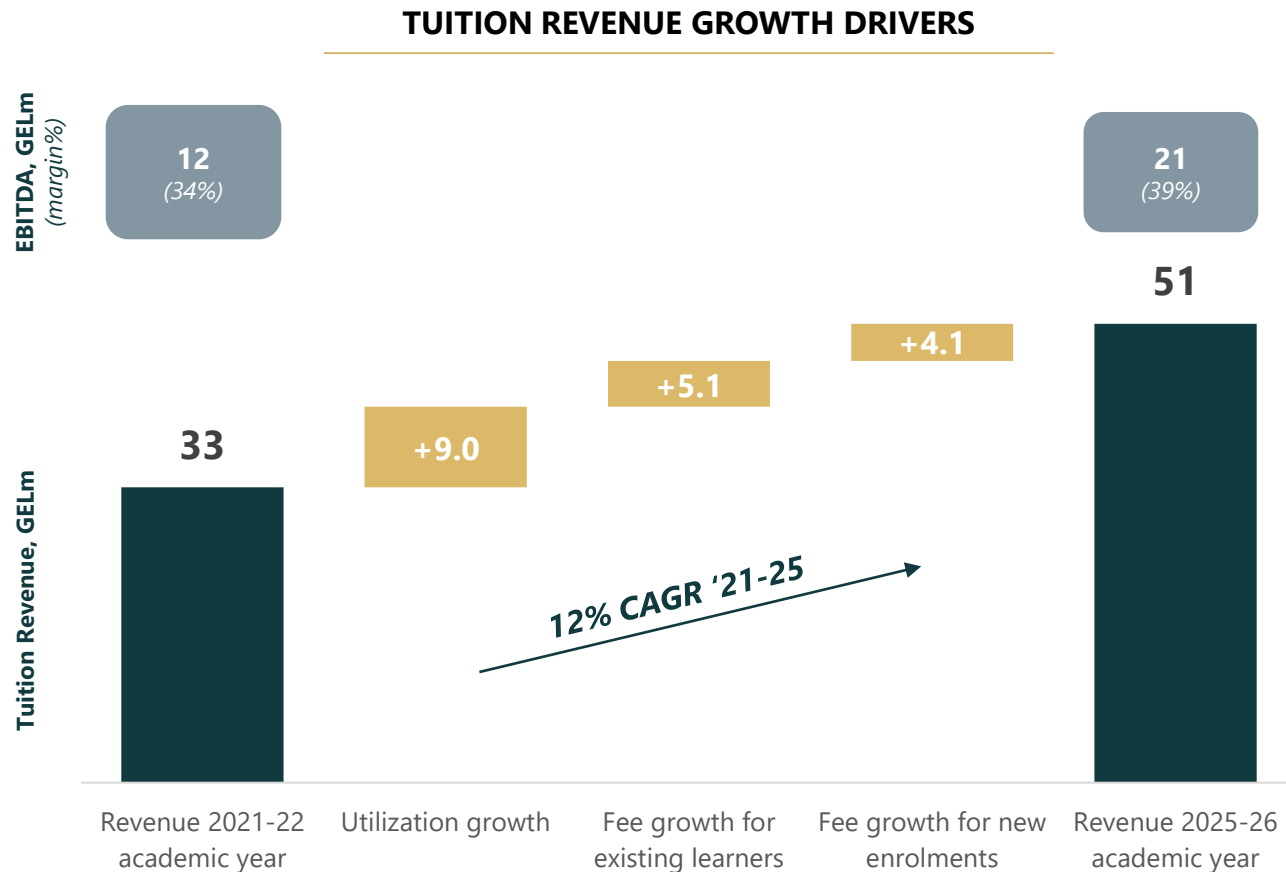
EBITDA 2025-26 academic year



GEL 38m EBITDA enhancement

1. CURRENTLY OPERATIONAL CAMPUSES

Organic growth through currently operational campuses with no additional investments



	2021-22		2025-26
Built learner capacity	5,060	<i>no change</i>	5,060
Utilization rate	64%	<i>+30 ppts</i>	94%
EBITDA	GEL 12m	<i>+GEL 9m</i>	GEL 21m
Total investment	USD 30m	<i>no change</i>	USD 30m

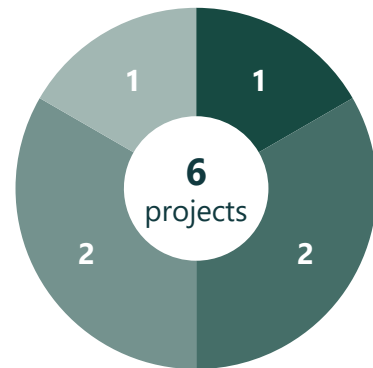
Revenue growth of 12% CAGR 2021-25 is driven by:

- Utilization growth** – increase in number of learners by c.1,500 mainly driven by ramp-up of recently launched campuses, growing utilization rate from current 64% to 94%
- Fee growth for existing learners** – enrolment fee growth via contract renewals for existing learners
- Fee growth for new enrolments** – enrolment fee growth every 1-3 years depending on the segment

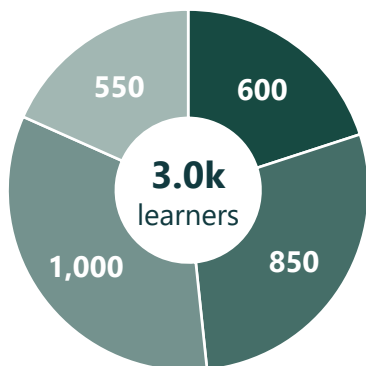
2. SECURED PIPELINE PROJECTS

Growth through secured pipeline projects – greenfield new campus projects & expansions of currently operational campuses

SECURED PIPELINE PROJECTS BY 2025



BUILT LEARNER CAPACITY BY 2025



- AFFORDABLE
- MIDSCALE
- PREMIUM
- INTERNATIONAL²

EBITDA BY 2025



Built learner capacity

2025-26

3,000

Utilization rate

38%

EBITDA

GEL 9m

Run-rate EBITDA

GEL 22m

Total investment

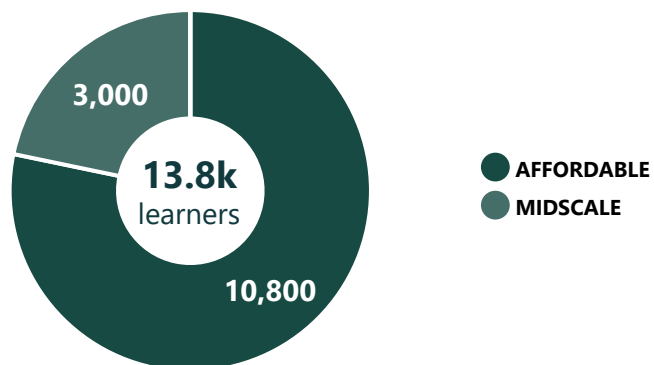
USD 34m¹

- 6 secured projects on already acquired real estate in pipeline by 2025 with total built learner capacity of 3,000
- Assuming average ramp-up period of 3-5 years, secured pipeline projects are expected to operate at average 38% utilization by 2025, generating GEL 9m EBITDA
- Total investment for secured pipeline projects is USD 34m

3. M&A

Growth through M&A – potential future acquisitions of operational schools

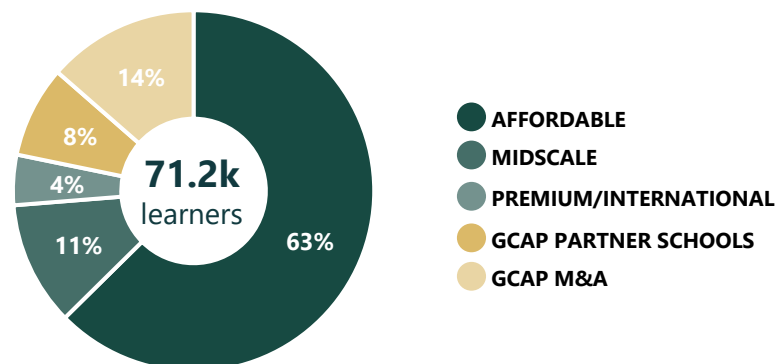
BUILT LEARNER CAPACITY BY 2025



EBITDA BY 2025



PRIVATE K-12 MARKET IN 2025

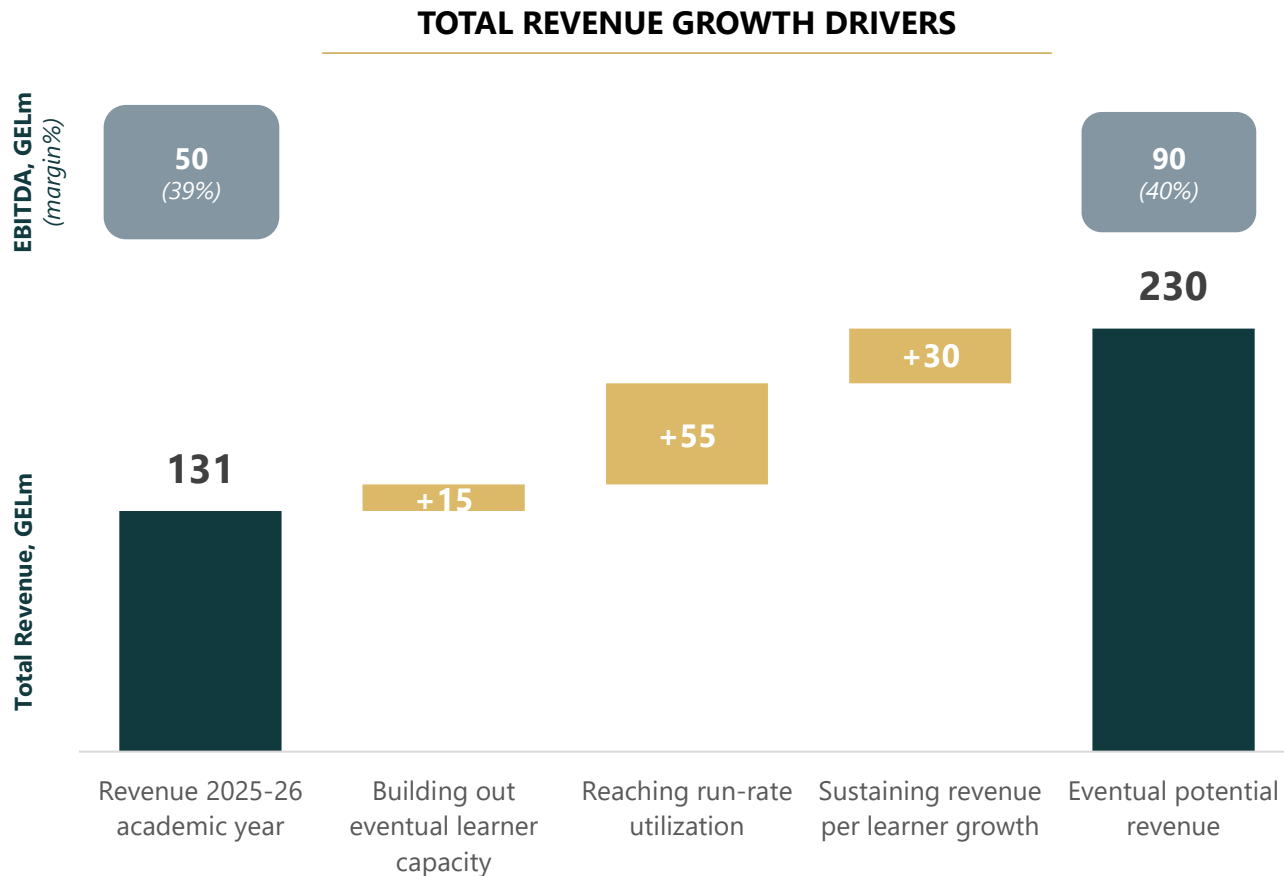


	2025-26
Built learner capacity	13,800
Utilization rate	70%
EBITDA	GEL 20m
Run-rate EBITDA	GEL 26m
Total investment	USD 36m ¹

- Targeting total built learner capacity of 13.8k by 2025 translating into additional 14% market share acquisition
- EBITDA generated through future potential M&A GEL 20m
- Total investment for potential M&A is USD 36m

4. ADDITIONAL GROWTH POTENTIAL

Additional growth potential through building out eventual learner capacity, reaching run-rate utilization and sustaining revenue per learner growth at campuses planned for 2025



	2025-26	Eventual potential
Built learner capacity	21,860	24,160 (+2,300)
Utilization rate	71%	90% (+19 pts)
EBITDA	GEL 50m	GEL 90m (+GEL 40m)

The real estate of currently operational campuses, secured pipeline projects and M&A, planned to be part of Education business by 2025, has additional potential of 80% EBITDA enhancement driven by:

- Building out eventual learner capacity** – Increased learner capacity from 22k by 2025 to 24k
- Reaching run-rate utilization** – Increased utilization from 71% by 2025 to 90%
- Sustaining revenue per learner growth** – Avg. revenue per learner growth by 3-5% annually

STRATEGY

TARGETING FOR 2025...

1

Equity Value
GEL 0.5bln

Currently: GEL 135mln

2

EBITDA margin
40%+

Currently: 35%+

3

ROIC
20%+

Currently: 20%+

4

Ramp-up of new capacity
3-5 years

...THROUGH

**REMAINING GCAP
NEW EQUITY
INVESTMENT**

24
USD million

**BUILT LEARNER
CAPACITY**

22
thousand

EBITDA

50
GEL million

**TOTAL REMAINING
INVESTMENT, in USDm**

60

Debt

18

Equity

42

Reinvestment

15

GCAP new equity investment

24

Minority equity investment

3

**TOTAL BUILT LEARNER
CAPACITY, in thousands**

21.9

Currently operational campuses

5.1

Secured pipeline projects

3.0

M&A

13.8

Out of 22k capacity: 14.9k Affordable; 4.6k
Midscale; 1.9k Premium; 0.6k International

TOTAL EBITDA, in GELm

50

Currently operational campuses

21

As of 2021-22 academic year

12

Organic growth

9

Secured pipeline projects

9

M&A

20

- With new equity investment of USD 24m GCAP can expand to 22k learner capacity and generate GEL 50m EBITDA by 2025 through: (1) currently operational campuses (2) secured pipeline projects and (3) M&A
- Out of USD 24m new equity investment, USD 21m is attributable to M&A and USD 3m is attributable to investments in secured pipeline projects with operational schools
- In addition to USD 24m new equity investment by GCAP, growth will be financed through, reinvestments, debt, and equity contribution by minorities - total remaining investment for Education business is USD 60m

KEY TAKEAWAYS



1

RESILIENT SECTOR

Continued sector growth despite a significant crisis – economic slowdown and substantial disruption to providing services during the pandemic

2

EXPECTED HIGH GROWTH

Strong economic recovery expected to reflect in accelerated growth - historical growth rate c. 2x nominal GDP; Better infrastructure and academic results at private vs. public schools; Low government spending and private education penetration

3

STRONG PERFORMANCE

Double digit CAGR on Revenue and EBITDA level during the pandemic; number of learners grew by 25%

4

GEORGIA CAPITAL IS WELL-POSITIONED TO CAPITALIZE ON THE OPPORTUNITY

3 best in-class management teams with excellent track record of success, operating across wide range of price segments; 5 brands with solid reputation – outperformed the market 4x+

ANNEX

GCAP PARTNER SCHOOLS



AFFORDABLE



MIDSCALE



PREMIUM



INTERNATIONAL



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: regional instability; impact of COVID-19; 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 presentation and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's Annual Report and Accounts 2021. No part of this presentation 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.