



**GEORGIA
HEALTHCARE
GROUP**

3rd quarter and 9-month 2022 Results

An extract from the parent company's, Georgia Capital PLC, results file. For the full version of the results release, please refer to the following link: [Georgia Capital PLC | 3Q22 & 9M22 results](#)

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FORWARD LOOKING STATEMENTS

This announcement 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 document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in the 1H22 Result Announcement and in Georgia Capital PLC's Annual Report and Accounts 2021. 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 document should be construed as a profit forecast.

GHG overview

JSC Georgia Healthcare Group (“GHG” or “the Group”) is the largest and the only fully integrated healthcare provider in the fast-growing, predominantly privately-owned Georgian healthcare ecosystem, comprising four business lines: retail (pharmacy) business, hospitals business, medical insurance business and Clinics & Diagnostics Business.

Georgia Healthcare Group PLC was listed on the premium segment of the London Stock Exchange (“LSE”) in November 2015. Following the largest shareholder’s, Georgia Capital’s (GCAP), final share exchange offer becoming unconditional in all respects, Georgia Healthcare Group PLC’s listing on the premium segment of the London Stock Exchange’s main market was cancelled in August 2020 (further details of the transaction are available at: <https://georgiacapital.ge/ir/offer-ghg>).

GCAP, the 100% ultimate owner of GHG as of August 2022, continues to be listed on the premium segment of LSE (LN:CGEO).

Below is presented the Group’s and its businesses third quarter and 9m 2022 consolidated financial results. Unless otherwise mentioned, comparatives are for the third quarter and 9m 2021. The results are based on International Financial Reporting Standards (“IFRS”) as adopted in the European Union (“EU”), are unaudited and extracted from management accounts.

Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns a 77% equity interest through GHG¹, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 35% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The business operates a total of 368 pharmacies (of which 359 are in Georgia, and 9 are in Armenia) and 10 franchise stores.

3Q22 & 9M22 performance (GEL '000), Retail (pharmacy)²

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net	189,809	193,317	-1.8%	580,711	566,134	2.6%
Of which, retail	148,398	145,129	2.3%	453,015	415,581	9.0%
Of which, wholesale	41,411	48,188	-14.1%	127,696	150,553	-15.2%
Gross Profit	56,461	53,035	6.5%	171,303	143,207	19.6%
Gross profit margin	29.7%	27.4%	2.3ppts	29.5%	25.3%	4.2ppts
Operating expenses (ex. IFRS 16)	(38,403)	(32,541)	18.0%	(114,779)	(89,476)	28.3%
EBITDA (ex. IFRS 16)	18,058	20,494	-11.9%	56,524	53,731	5.2%
EBITDA margin, (ex. IFRS 16)	9.5%	10.6%	-1.1ppts	9.7%	9.5%	0.2ppts
Net profit (ex. IFRS 16)	14,683	17,728	-17.2%	51,205	47,278	8.3%
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	19,268	26,182	-26.4%	54,480	39,733	37.1%
EBITDA to cash conversion	106.7%	127.8%	-21.1ppts	96.4%	73.9%	22.5ppts
Cash flow used in investing activities³	(8,887)	(7,736)	14.9%	(54,558)	(13,363)	NMF
Free cash flow, (ex. IFRS 16)⁴	15,822	22,398	-29.4%	(3,921)	29,067	NMF
Cash flow used in financing activities (ex. IFRS 16)	(5,059)	(9,349)	-45.9%	10,107	(25,670)	NMF
BALANCE SHEET HIGHLIGHTS						
	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change	
Total assets	545,461	532,014	2.5%	522,814	4.3%	
Of which, cash and bank deposits	63,273	58,230	8.7%	54,616	15.9%	
Of which, securities and loans issued	21,526	14,464	48.8%	20,922	2.9%	
Total liabilities	496,415	480,294	3.4%	497,954	-0.3%	
Of which, borrowings	131,124	116,126	12.9%	89,844	45.9%	
Of which, lease liabilities	107,110	111,051	-3.5%	104,613	2.4%	
Total equity	49,046	51,720	-5.2%	24,860	97.3%	

INCOME STATEMENT HIGHLIGHTS

- 3Q22 total revenue (down 1.8%) reflects the recalibration of product prices due to the GEL's appreciation against the basket of foreign currencies (the FX effect is directly transmitted into the pricing as c.70% of the inventory purchases are denominated in foreign currencies).
- The 14.1% decline in the wholesale business line in 3Q22 was due to the continuing gradual transfer of the hospitals business' procurement department from pharma to hospitals (which began in January 2021 and is expected to complete by the end of 2022). This also translated into a reduction in revenue from wholesale in 9M22.
- The growth in retail revenues in both 3Q22 and 9M22 reflects a) continued expansion of the pharmacy chain and franchise stores, b) improvement in the economic activities, partially offset by c) the recalibration of product prices.
 - Retail revenue share in total revenue was 78.2% in 3Q22 and 78.0% 9M22 (75.1% in 3Q21 and 73.4% in 9M21).
 - Revenue from para-pharmacy, as a percentage of retail revenue, was 37.4% in 3Q22 and 35.7% in 9M22 (35.8% in 3Q21 and 34.7% in 9M21).
- Robust gross profit margins of 29.7% and 29.5% in 3Q22 and 9M22, respectively (up 2.3 ppts and 4.2 ppts y-o-y, respectively), reflect the increased sales of high-margin para-pharmacy products in the retail business line, as well as focus on growing profitable parts of the wholesale business line, notwithstanding the y-o-y revenue reduction.
 - Gross margin growth was supported by increased marketing activities as well as the strong economic recovery compared to 2021, when due to the increased competition and the general macro backdrop business margins were subdued.
- Negative operating leverage (operating expenses up 18.0% in 3Q22 and up 28.3% in 9M22) reflects increases in salary and utility expenditures associated with the openings of new pharmacies and franchise stores in Azerbaijan and Armenia. 9M22 salary expense growth also reflects the base effect impact of the state income tax subsidy for low-salary range employees which was in effect in 1H21 (the subsidy was in place from May 2020 - June 2021).
- EBITDA margin stood at 9.5% in 3Q22 (down 1.1 ppts y-o-y) and 9.7% in 9M22 (up 0.2 ppts y-o-y). Excluding the impact of the state income tax subsidy in 2021, the EBITDA margin (excl. IFRS 16) was up 0.7 ppts in 9M22, y-o-y.
- Interest expense was down 64.3% in 3Q22 and down 47.1% in 9M22 y-o-y, due to the lower average net debt balance (excl. IFRS 16) during respective periods.

¹ In October 2021, GHG signed a share purchase agreement to acquire the remaining 33% minority interest in its retail (pharmacy) business by 2027. The buyout will be executed in six annual tranches at a 5.25x EV/EBITDA multiple. For details, please see page 12 of our Annual Report 2021.

² The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

³ Of which - capex of GEL 3.4 million in 3Q22 and GEL 17.2 million in 9M22 (GEL 3.8 million in 3Q21 and GEL 10.7 million in 9M21); acquisition of minority shares of GEL 41.2 million in 9M22.

⁴ Calculated by deducting capex and acquisition of minority share from operating cash flows.

- Overall, the business posted GEL 14.7 million net profit excluding IFRS 16 in 3Q22 and GEL 51.2 million in 9M22, which also reflects one-off costs associated with the termination of contracts due to changes in management.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Q-o-q increase in net debt, up 6.7% to GEL 46.3 million, reflects the dividend payment of GEL 16.0 million to GCAP in 3Q22. Apart from the dividend payment, the y-o-y increase in net debt balance, up 25.3%, is also attributable to the payment of GEL 41.2 million to complete the buyout of a 10% minority stake, in line with the buyout scheme announced in 2021 (the remaining 23% minority stake to be acquired in stages through 2027).
- Strong cash flow from operating activities, with a 106.7% EBITDA to cash conversion ratio in 3Q22 and 96.4% in 9M22. A 21.1 ppts y-o-y decrease in the EBITDA to cash conversion ratio in 3Q22 reflects the higher base effect of strong revenue growth in 3Q21 (up 21.1% y-o-y), resulting from the rebound in economic activities following the removal of lock-down related restrictions.
- Increased cash outflows from investing activities in 9M22 reflect a) payment to minorities to buyout a 10% minority share, b) increased capex investments attributable to the implementation of a new core IT system for the improved inventory management (GEL 5.2 million in 9M22), c) launch of new projects, such as new large-scale pharmacies, The Body Shop franchise stores in Armenia and Azerbaijan, and d) regular expansion of the chain in Georgia.
- The increase in cash flow from financing activities in 9M22 is also attributable to the sourcing of the new loan facility to finance the scheduled buyout of minority shareholders.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Added 27 pharmacies and 4 franchise stores over the last 12 months.

	Sep-22	Jun-22	Change (q-o-q)	Sep-21	Change (y-o-y)
Number of pharmacies	368	366	2	341	27
<i>Of which, Georgia</i>	<i>359</i>	<i>358</i>	<i>1</i>	<i>337</i>	<i>22</i>
<i>Of which, Armenia</i>	<i>9</i>	<i>8</i>	<i>1</i>	<i>4</i>	<i>5</i>
Number of franchise stores	10	8	2	6	4
<i>Of which, Georgia</i>	<i>7</i>	<i>6</i>	<i>1</i>	<i>6</i>	<i>1</i>
<i>Of which, Armenia</i>	<i>2</i>	<i>2</i>	<i>-</i>	<i>-</i>	<i>2</i>
<i>Of which, Azerbaijan</i>	<i>1</i>	<i>-</i>	<i>1</i>	<i>-</i>	<i>1</i>

- Retail (Pharmacy)'s key operating performance highlights for 3Q22 and 9M22 are noted below:

	3Q22	3Q21	Change	9M22	9M21	Change
<i>Same store revenue growth</i>	<i>-3.1%</i>	<i>14.8%</i>	<i>-17.9ppts</i>	<i>2.2%</i>	<i>10.6%</i>	<i>-8.4 ppts</i>
<i>Number of bills issued (mln)</i>	<i>7.5</i>	<i>7.4</i>	<i>1.6%</i>	<i>22.5</i>	<i>21.1</i>	<i>6.7%</i>
<i>Average bill size (GEL)</i>	<i>18.8</i>	<i>18.5</i>	<i>1.7%</i>	<i>19.1</i>	<i>18.5</i>	<i>3.3%</i>

- The y-o-y decrease in the same store revenue growth rates in 3Q22 and 9M22 is attributable to GEL's appreciation against foreign currencies.

Discussion of Hospitals Business Results

The hospitals business, where GCAP owns a 100% equity interest through GHG, is the largest healthcare market participant in Georgia, comprised of 16 referral hospitals with a total of 2,524 beds, providing secondary and tertiary level healthcare services across Georgia.

3Q22 & 9M22 performance (GEL '000), Hospitals⁵

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net ⁶	66,580	81,256	-18.1%	216,137	233,005	-7.2%
Gross Profit	22,834	30,472	-25.1%	77,187	93,012	-17.0%
Gross profit margin	33.9%	37.0%	-3.1ppts	35.2%	39.5%	-4.3ppts
Operating expenses (ex. IFRS 16)	(12,893)	(12,433)	3.7%	(38,698)	(35,954)	7.6%
EBITDA (ex. IFRS 16)	9,941	18,039	-44.9%	38,489	57,058	-32.5%
EBITDA margin (ex. IFRS 16)	14.8%	21.9%	-7.1ppts	17.5%	24.2%	-6.7ppts
Net (loss) / profit (ex. IFRS 16) ⁷	(3,497)	5,188	NMF	1,287	22,344	-94.2%
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	3,768	22,927	-83.6%	18,384	41,728	-55.9%
EBITDA to cash conversion (ex. IFRS 16)	37.9%	127.1%	-89.2ppts	47.8%	73.1%	-25.3ppts
Cash flow used in investing activities ⁸	(4,870)	(10,275)	-52.6%	(3,557)	(24,458)	-85.5%
Free cash flow (ex. IFRS 16) ⁹	(1,650)	10,372	NMF	12,598	12,030	4.7%
Dividends and intersegment loans issued/received	(2,052)	13,192	NMF	(1,053)	31,633	NMF
Cash flow from financing activities (ex. IFRS 16)	6,737	(48,429)	NMF	(39,163)	(93,086)	-57.9%
BALANCE SHEET HIGHLIGHTS						
Total assets	612,987	610,602	0.4%	658,071	-6.9%	
Of which, cash balance and bank deposits	19,048	15,958	19.4%	46,131	-58.7%	
Of which, securities and loans issued	12,125	11,120	9.0%	11,678	3.8%	
Total liabilities	266,657	247,151	7.9%	293,428	-9.1%	
Of which, borrowings	203,879	185,298	10.0%	223,433	-8.8%	
Total equity	346,330	363,451	-4.7%	364,643	-5.0%	

KEY POINTS

Over the course of the last two years, the hospitals business was actively engaged in supporting the COVID-19 pandemic response in Georgia and had mobilised 7 hospitals to receive COVID patients, with a total aggregate number of c.800 beds across the country. The Government of Georgia fully reimbursed costs associated with COVID-19 treatments and paid a fixed fee amount per bed designated for COVID patients. As the COVID cases declined substantially in Georgia starting from 2022, the Government suspended the COVID contracts with hospitals in mid-March 2022. Restructuring the cost base of COVID hospitals, and phasing out from Government contracts, temporarily suppressed the business margins in 2022. The business expects to return to normal operating levels starting from 2023.

INCOME STATEMENT HIGHLIGHTS

- After coming out from the COVID period, 3Q22 revenue was down 18.1% y-o-y (down 7.2% y-o-y in 9M22), reflecting a decrease in the number of admissions and occupancy rate. After a transition period, the business expects a return to normal operating levels, starting from 2023.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates¹⁰:
 - Developing its own procurement department for hospitals coupled with phasing out of COVID, translated into an improved materials rate of 17.7% in 3Q22 (21.3% in 3Q21) and 18.7% in 9M22 (20.9% in 9M21).
 - Due to the suspension of COVID hospitals' contracts in March and the related decrease in revenue (a significant portion of direct salaries are fixed), the direct salary rate was up 5.8 ppts to 38.5% in 3Q22. Apart from this, a lower base effect resulting from the state income tax subsidy for low salary range employees in effect during 1H21, translated into an increased direct salary rate, up 5.2 ppts to 36.2% in 9M22, y-o-y. After restructuring the COVID hospitals to a normal operating level, the salary rate is expected to stabilise over the next few quarters.
 - Utilities and other costs were up in 2022, resulting from inflation pressures, such as increased utility prices and increased fuel prices.
- As a result, the gross margins were down 3.1 ppts and 4.3 ppts in 3Q22 and 9M22 y-o-y, respectively. Adjusted for the impact of the state income tax subsidy, the gross profit margin was down 2.8 ppts in 9M22 y-o-y.

⁵ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

⁶ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

⁷ 9M22 net profit is adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.

⁸ Of which - capex of GEL 5.4 million in 3Q22 and GEL 14.5 million in 9M22 (GEL 6.7 million in 3Q21 and GEL 17.6 million in 9M21); payment of holdback of GEL 5.8 million in 3Q21 and GEL 12.1 million in 9M21; and proceeds from sale of PPE/subsidiary of GEL 8.7 million in 9M22.

⁹ Operating cash flows less capex, less acquisition of subsidiaries / payment of holdback, plus net proceeds on sale of PPE/subsidiary.

¹⁰ The respective costs divided by gross revenues.

- Negative operating leverage further reflects the increases in the general and administrative expenses (excl. IFRS 16), up 15.1% in 3Q22 and up 25.4% in 9M22 y-o-y, mainly resulting from increased marketing costs due to the promotion of the new products and services, launched to support the transition to the post-covid environment.
- The developments described above resulted in the reduced EBITDA (excl. IFRS 16) and EBITDA margins (down 7.1 ppts in 3Q22 and down 6.7 ppts in 9M22 y-o-y). Reduced EBITDA margins (excl. IFRS 16), also reflect the base effect of the state income tax subsidy in 9M21 (GEL c.3.5 million impact); Excluding the impact of state income tax subsidy, EBITDA margin (excl. IFRS 16) was down by 5.2 ppts in 9M22, y-o-y.
- Increased interest rates (NBG refinancing rate up 1.0 ppts in the last twelve months) led to an increase in net interest expense (excl. IFRS 16) in 3Q22 and 9M22, up by 16.7% and by 15.6% y-o-y, respectively.
- Overall, the business posted a GEL 3.5 million net loss excluding IFRS 16 in 3Q22 and GEL 1.3 million¹¹ net profit in 9M22, which also reflects one-off costs associated with the termination of contracts due to changes in management.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Cash flow from operating activities (excl. IFRS 16) was down in 2022, due to the phasing out of Government COVID programmes, the payment term of which was payable within a month of origination, while the universal healthcare coverage ("UHC") collection period is around four months. The transition period led to weaker cash collections in 3Q22 and 9M22, with a 37.9% and 47.8% EBITDA to cash conversion rate (excl. IFRS 16), respectively, which is anticipated to recover over the coming quarters.
- Capex investment was GEL 5.4 million in 3Q22 and GEL 14.5 million in 9M22, mainly reflecting maintenance capex.
- Net debt was at GEL 172.7 million as of 30-Sep-22 (up 9.2% q-o-q), reflecting a GEL 13.1 million dividend payment to GCAP in 3Q22.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- To streamline the state funding financing in healthcare and improve the reimbursement process, the Georgian Government introduced an initiative to implement Diagnosis Related Group (DRG) financing system. DRG system enables the categorisation of inpatient case types, that are clinically similar and expected to use the same or similar resources, into groups by applying various criteria (age, sex, intervention needed, comorbidity, etc.). The rollout of the DRG system started on 1-Nov-22 and will be in a testing phase until 1-Jan-23. While it is too early to estimate its impact on the financial performance of our hospitals business, the implementation of the DRG system is considered to increase the efficiency of state financing and improve the quality of healthcare service on the market. The system is expected to better reflect inflation and other price pressures that are present in the healthcare sector.
- The suspension of government contracts also translated into a reduction in occupancy rates and the number of admissions. The business key operating performance highlights for 3Q22 and 9M22 are noted below:

	3Q22	3Q21	Change	9M22	9M21	Change
<i>Occupancy rate</i>	43.6%	67.7%	-24.1 ppts	52.1%	63.8%	-11.7 ppts
<i>Number of admissions (thousands)</i>	287.5	426.7	-32.6%	903.9	976.7	-7.4%

¹¹ 9M22 net profit is adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.

Discussion of Medical Insurance Business Results

The insurance business comprises a) Property and Casualty (P&C) insurance business, owned through Aldagi and b) medical insurance business, owned through GHG. Medical is the country's largest private health insurer, with a 22.5% market share based on FY21 net insurance premiums. Medical Insurance offers a variety of health insurance products primarily to corporate and (selectively) to state entities and also to retail clients in Georgia. GCAP owns a 100% equity stake in both insurance businesses.

Discussion of results, Medical Insurance

GEL '000

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Earned premiums, net	19,404	18,888	2.7%	54,885	54,084	1.5%
Net underwriting profit	4,292	3,965	8.2%	7,980	9,085	-12.2%
Net investment profit	970	738	31.4%	2,846	2,151	32.3%
Net profit	2,296	1,781	28.9%	2,516	3,180	-20.9%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	2,476	1,527	62.1%	1,537	2,553	-39.8%
Free cash flow	2,225	1,485	49.8%	922	2,344	-60.7%
BALANCE SHEET HIGHLIGHTS	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change	
Total assets	95,921	97,999	-2.1%	78,822	21.7%	
Total equity	34,610	33,265	4.0%	32,230	7.4%	

VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The number of insured clients was c.160,000 as of 30-Sep-22, down 4.9% y-o-y, reflecting price increases for insurance policies implemented by the business.
- The insurance renewal rate was up 6.2 pts to 85.0% in 3Q22 and down 2.6 pts to 75.6% in 9M22.

INCOME STATEMENT HIGHLIGHTS

- The modest 2.7% y-o-y increase in 2022 earned premiums net, reflects the combined effect of an increase in the price of insurance policies (c.5%) and a decrease in the number of insured clients for the same period.
- In 9M22, the net claims expenses were GEL 44.3 million (up 3.9% y-o-y), of which GEL 19.4 million (43.7% of total) was inpatient, GEL 16.1 million (36.4% of total) was outpatient and GEL 8.8 million (19.9% of total) was related to pharmaceuticals.
- The loss ratio was down 1.5 pts y-o-y in 3Q22, reflecting the reduced traffic for COVID services at the healthcare facilities. 9M22 loss ratio was up 1.9 pts y-o-y to 80.6% resulting from increased claims incurred in 1H22.
- As a result, the combined ratio was down 1.0 pts to 90.7% for the quarter and up 2.8 pts to 99.2% for the 9M22, y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Improvements in combined ratio led to a 62.1% y-o-y increase in the operating cash flow in 3Q22 (down 39.8% y-o-y in 9M22).

Discussion of Clinics and Diagnostics Business Results

The clinics and diagnostics business, where GCAP owns a 100% equity interest through GHG, is the second largest healthcare market participant in Georgia after our hospitals business. The business comprises two segments: 1) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient services); 17 polyclinics (providing outpatient diagnostic and treatment services) and 17 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – “Mega Lab”.

3Q22 & 9M22 performance (GEL '000), Clinics and Diagnostics¹²

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net¹³	17,663	25,285	-30.1%	61,386	67,545	-9.1%
Of which, clinics	14,443	18,077	-20.1%	49,238	49,996	-1.5%
Of which, diagnostics	4,459	8,807	-49.4%	16,224	21,999	-26.3%
Of which, inter-business eliminations	(1,239)	(1,599)	-22.5%	(4,076)	(4,450)	-8.4%
Gross Profit	6,946	11,510	-39.7%	24,945	31,340	-20.4%
Gross profit margin	39.1%	45.3%	-6.2ppts	40.5%	46.1%	-5.6ppts
Operating expenses (ex. IFRS 16)	(5,663)	(5,526)	2.5%	(16,643)	(15,079)	10.4%
EBITDA (ex. IFRS 16)	1,283	5,984	-78.6%	8,302	16,261	-48.9%
EBITDA margin (ex. IFRS 16)	7.2%	23.5%	-16.3ppts	13.5%	23.9%	-10.5ppts
Net (loss)/profit (ex. IFRS 16)	(1,333)	2,753	NMF	(981)	7,064	NMF
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	1,731	7,844	-77.9%	4,518	11,925	-62.1%
EBITDA to cash conversion (ex. IFRS 16)	134.9%	131.1%	3.8ppts	54.4%	73.3%	-18.9ppts
Cash flow used in investing activities	(1,675)	(2,076)	-19.3%	(8,116)	(5,975)	35.8%
Free cash flow (ex. IFRS 16)¹⁴	73	6,096	-98.8%	(3,565)	6,358	NMF
Cash flow used in financing activities (ex. IFRS 16)	(50)	721	NMF	(954)	(2,262)	-57.8%
BALANCE SHEET HIGHLIGHTS						
Total assets	186,461	187,735	-0.7%	178,592	178,592	4.4%
Of which, cash balance and bank deposits	1,729	1,719	0.6%	6,292	6,292	-72.5%
Of which, securities and loans issued	3,493	3,564	-2.0%	3,699	3,699	-5.6%
Total liabilities	86,839	88,211	-1.6%	80,613	80,613	7.7%
Of which, borrowings	54,593	55,265	-1.2%	50,854	50,854	7.4%
Total equity	99,622	99,524	0.1%	97,979	97,979	1.7%

¹² The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

¹³ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.

¹⁴ Operating cash flows less capex.

Discussion of results, Clinics

KEY POINTS

The clinics business was actively engaged in supporting the COVID-19 pandemic response in Georgia, allocating 12 community clinics, with a total c.300 beds across the country. The Government of Georgia fully reimbursed costs associated with COVID-19 treatments and paid a fixed fee amount per bed designated for COVID patients. In March 2022, similarly to the hospitals business, the Government suspended the COVID contracts with clinics which temporarily suppressed the business' margins and revenue. These are expected to get back to normal operating levels starting from 2023.

GEL '000

INCOME STATEMENT HIGHLIGHTS	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net¹⁵	14,443	18,077	-20.1%	49,238	49,996	-1.5%
Of which, polyclinics	9,462	9,424	0.4%	30,349	27,206	11.6%
Of which, community clinics	4,981	8,653	-42.4%	18,889	22,790	-17.1%
Gross Profit	6,068	8,046	-24.6%	21,008	22,688	-7.4%
Gross profit margin	41.7%	44.2%	-2.5ppts	42.4%	45.0%	-2.6ppts
Operating expenses (ex. IFRS 16)	(4,777)	(4,327)	10.4%	(13,658)	(12,181)	12.1%
EBITDA (ex. IFRS 16)	1,291	3,719	-65.3%	7,350	10,507	-30.0%
EBITDA margin (ex. IFRS 16)	8.9%	20.4%	-11.5ppts	14.8%	20.9%	-6.1ppts
Net (loss)/profit (ex. IFRS 16)	(985)	863	NMF	(961)	2,361	NMF

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	1,802	3,476	-48.2%	5,371	8,886	-39.6%
EBITDA to cash conversion (ex. IFRS 16)	139.6%	93.5%	46.1ppts	73.1%	84.6%	-11.5ppts
Cash flow used in investing activities¹⁶	(1,597)	(1,412)	13.1%	(7,428)	(4,320)	71.9%
Free cash flow (ex. IFRS 16)¹⁷	236	1,932	-87.8%	(1,973)	4,307	NMF
Cash flow from financing activities (ex. IFRS 16)	287	2,691	-89.3%	30	(252)	NMF

BALANCE SHEET HIGHLIGHTS

	30-Sep-22	30-Jun-22	Change	31-Dec-21	Change
Total assets	159,682	160,024	-0.2%	147,368	8.4%
Of which, cash balance and bank deposits	1,110	613	81.1%	3,149	-64.8%
Of which, securities and loans issued	3,759	3,823	-1.7%	3,947	-4.8%
Total liabilities	79,513	80,702	-1.5%	69,387	14.6%
Of which, borrowings	50,818	51,228	-0.8%	46,417	9.5%
Total equity	80,169	79,322	1.1%	77,981	2.8%

INCOME STATEMENT HIGHLIGHTS

- 3Q22 revenues of the polyclinics remained largely flat y-o-y, reflecting the net impact of a) an 85.4% y-o-y decrease in COVID-related revenues, and b) a 22.1% y-o-y increase in the revenues from non-COVID, regular ambulatory services, resulting from the expansion of the business (adding two new polyclinics in 1H22). 9M22 revenues from polyclinics were up 11.6% y-o-y, reflecting a 20.7% increase in revenues from non-COVID services, partially offset by a 34.7% decrease from COVID-related services.
- A 42.4% y-o-y decrease in 3Q22 revenues of the community clinics reflect 96.4% y-o-y decrease in the COVID-related revenues, partially offset by 22.1% y-o-y increase in revenues from non-COVID services. 9M22 revenues were down by 17.1% y-o-y. The top-line growth is expected to rebound starting from 2023, as the business passes through the COVID transition period.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates¹⁸.
 - The transition from COVID was reflected in the improved materials rate (COVID treatments had the higher materials rate) at 7.4% in 3Q22 (10.5% in 3Q21) and 9.2% in 9M22 (9.9% in 9M21).
 - Due to the opening of a new polyclinic and the suspension of the COVID clinics' contracts in March and related decrease in revenue (significant portion of direct salaries are fixed), the direct salary rate was up 6.8 ppts y-o-y to 37.6% in 3Q22. This, coupled with the low base effect from the expiration of the state income tax subsidy that was in effect in 9M21, led to an increase in the direct salary rate in 9M22, up 5.7 ppts y-o-y to 34.9%. After restructuring the COVID clinics to a normal operating level, the salary rate is expected to stabilise in the coming quarters.
- As a result, the gross profit margin of the clinics business was down by 2.5 ppts in 3Q22 and by 2.6 ppts in 9M22, y-o-y. Adjusted for the impact of state income tax subsidy, the gross profit margin was down 0.4 ppts in 9M22, y-o-y.
- Operating expenses (excl. IFRS 16), mainly comprising of salaries and other employee benefits (up 12.8% in 3Q22 and up 13.7% in 9M22, y-o-y) and general and administrative expenses (excl. IFRS 16) (up 5.0% in 3Q22 and up 7.9% in 9M22, y-o-y), were up in 2022 mainly due to the increased cost structure for COVID clinics and the expansion of the business.
- As a result, the EBITDA margin (excl. IFRS 16) was down in both reporting periods (down 11.5 ppts in 3Q22 and down 6.1 ppts in 9M22, y-o-y). Excluding the impact of the absence of the state income tax subsidy, the EBITDA margin (excl. IFRS 16) was down 3.9 ppts y-o-y in 9M22.

¹⁵ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

¹⁶ Of which – capex of GEL 1.6 million in 3Q22 and GEL 7.3 million in 9M22 (GEL 1.5 million in 3Q21 and GEL 4.6 million in 9M21).

¹⁷ Operating cash flows less capex.

¹⁸ The respective costs divided by gross revenues.

- The increase in net debt position (up 14.3% y-o-y) to GEL 45.9 million due to the opening of new polyclinics, coupled with increased interest rates on the market, led to an increase in 9M22 net interest expense (excl. IFRS 16), up 19.0%, y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- In 3Q22, the business posted a 139.6% EBITDA to cash conversion ratio, led by a collection of stronger revenues that were generated in the preceding quarters.
- The business spent GEL 7.3 million on capex in 9M22, of which GEL 1.4 million was maintenance capex and GEL 5.9 million was growth capex, primarily related to the opening of two new polyclinics in Tbilisi.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Apart from community clinics, our polyclinics were also affected due to the reduced traffic for COVID services, such as COVID tests and vaccinations in 3Q22:

	3Q22	3Q21	Change	9M22	9M21	Change
<i>Number of admissions (thousands)</i>	483.8	670.1	-27.8%	1,619.8	1,692.4	-4.3%
<i>Of which, polyclinics</i>	374.5	474.5	-21.1%	1,245.6	1,280.0	-2.8%
<i>Of which, community clinics</i>	109.3	195.6	-44.1%	374.2	410.3	-8.8%

- The number of registered patients in Tbilisi increased by c.19,000 y-o-y to c.270,000 and by c.30,000 y-o-y to c.608,000 across the country as of 30-Sep-22 y-o-y.

Discussion of results, Diagnostics

GEL '000

INCOME STATEMENT HIGHLIGHTS

	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, net¹⁹	4,459	8,807	-49.4%	16,224	21,999	-26.3%
<i>Of which, from COVID-19 tests</i>	876	5,148	-83.0%	5,750	11,636	-50.6%
<i>Of which, from regular lab tests</i>	3,583	3,659	-2.1%	10,474	10,363	1.1%
Gross Profit	878	3,464	-74.7%	3,931	8,652	-54.6%
<i>Gross profit margin</i>	19.7%	39.3%	-19.6 ppts	24.2%	39.3%	-15.1 ppts
<i>Operating expenses (ex. IFRS 16)</i>	(886)	(1,199)	-26.1%	(2,979)	(2,898)	2.8%
EBITDA (ex. IFRS 16)	(8)	2,265	NMF	952	5,754	-83.5%
<i>EBITDA margin (ex. IFRS 16)</i>	-0.2%	25.7%	-25.9 ppts	5.9%	26.2%	-20.3 ppts
Net (loss)/profit (ex. IFRS 16)	(348)	1,890	NMF	(20)	4,703	NMF

INCOME STATEMENT HIGHLIGHTS

- A 49.4% y-o-y decrease in the 3Q22 revenue of the business, which apart from regular diagnostics services was also actively engaged in COVID-19 testing, reflects a significantly reduced number of COVID cases in the country and the suspension of Government contracts from March 2022.
- Decrease in revenue translated into reduced gross profit and EBITDA. The growth is expected to rebound over the next few quarters from the launch of the new ambulatory services as well as the expansion of the polyclinics chain.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- From March 2022, the Government has suspended the contracts with laboratories for COVID tests.
- The business opened two new retail collection points in 2022 and the total number reached five. The launch of the retail points will bring in additional revenue from regular lab tests as well as attract business-to-business (B2B) contracts.
- The key operating performance highlights for 3Q22 and 9M22 are noted below:

	3Q22	3Q21	Change	9M22	9M21	Change
<i>Number of tests performed (thousands)</i>	501	668	-25.1%	1,799	1,843	-2.4%
<i>Average revenue per test (GEL)</i>	8.9	13.2	-32.4%	9.0	11.9	-24.4%

¹⁹ Net revenue – Gross revenue less corrections and rebates.

SELECTED FINANCIAL INFORMATION – Retail (Pharmacy)**INCOME STATEMENT***GEL thousands, unless otherwise noted*

	3Q22	3Q21	Change	9M22	9M21	Change
Revenue	189,809	193,317	-18%	580,711	566,134	26%
Costs of services	(133,348)	(140,282)	-49%	(409,408)	(422,927)	-32%
Cost of pharma – wholesale	(30,574)	(38,631)	-209%	(95,066)	(124,887)	-239%
Cost of pharma – retail	(102,774)	(101,651)	11%	(314,342)	(298,040)	55%
Gross profit	56,461	53,035	65%	171,303	143,207	196%
Gross profit margin	297%	274%	+23 ppts	295%	253%	+42 ppts
Salaries and other employee benefits	(19,827)	(16,321)	215%	(59,507)	(43,498)	368%
General and administrative expenses	(11,412)	(9,549)	195%	(33,413)	(26,638)	254%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(18,262)</i>	<i>(16,308)</i>	<i>120%</i>	<i>(54,578)</i>	<i>(46,146)</i>	<i>183%</i>
Impairment of receivables	(7)	-	NMF	(149)	(38)	NMF
Other operating income	(307)	88	NMF	(545)	206	NMF
EBITDA	24,908	27,253	-86%	77,689	73,239	61%
EBITDA excluding IFRS 16	18,058	20,494	-119%	56,524	53,731	52%
EBITDA margin excluding IFRS 16	95%	106%	-11 ppts	97%	95%	+02 ppts
Depreciation and amortization	(7,716)	(6,675)	156%	(22,830)	(18,777)	216%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(1,768)</i>	<i>(1,342)</i>	<i>317%</i>	<i>(4,986)</i>	<i>(3,757)</i>	<i>327%</i>
Net interest income (expense)	(2,677)	(3,808)	-297%	(9,298)	(11,520)	-193%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(775)</i>	<i>(2,173)</i>	<i>-643%</i>	<i>(3,531)</i>	<i>(6,675)</i>	<i>-471%</i>
Net gains/(losses) from foreign currencies	8,473	2,723	NMF	18,302	9,973	835%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>5,327</i>	<i>1,802</i>	<i>NMF</i>	<i>11,102</i>	<i>6,169</i>	<i>800%</i>
Net non-recurring income/(expense)	(5,419)	(9)	NMF	(6,266)	(403)	NMF
Net profit before income tax expense	17,569	19,484	-98%	57,597	52,512	97%
Income tax benefit/(expense)	(740)	(1,044)	-291%	(1,638)	(1,787)	-83%
Net profit for the period	16,829	18,440	-87%	55,959	50,725	103%
Attributable to:						
- shareholders of the Company	11,616	12,359	-60%	36,821	32,866	120%
- non-controlling interests	5,213	6,081	-143%	19,138	17,859	72%
Net profit for the period excluding IFRS 16	14,683	17,728	-172%	51,205	47,278	83%
Attributable to:						
- shareholders of the Company	10,178	11,882	-143%	33,636	30,557	101%
- non-controlling interests	4,505	5,846	-229%	17,569	16,721	51%

STATEMENT OF CASH FLOW*GEL thousands, unless otherwise noted*

	3Q22	3Q21	Change	9M22	9M21	Change
Cash flows from operating activities						
Revenue received	185,264	192,206	-36%	568,620	547,946	38%
Cost of services paid	(128,583)	(135,755)	-53%	(401,581)	(422,504)	-50%
Gross profit received	56,681	56,451	04%	167,039	125,442	332%
Salaries paid	(20,152)	(14,794)	362%	(57,494)	(40,477)	420%
General and administrative expenses paid	(10,520)	(8,688)	211%	(33,894)	(25,860)	311%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(17,370)</i>	<i>(15,447)</i>	<i>124%</i>	<i>(55,059)</i>	<i>(45,368)</i>	<i>214%</i>
Other operating income/(expense) and tax paid	297	252	179%	977	817	196%
Net cash flows from operating activities before income tax	26,306	33,221	-208%	76,628	59,922	279%
Income tax paid	(188)	(280)	-329%	(983)	(681)	443%
Net cash flows from operating activities	26,118	32,941	-207%	75,645	59,241	277%
Net cash flows from operating activities, excluding IFRS 16	19,268	26,182	-264%	54,480	39,733	371%
Cash flows from investing activities						
Cash outflow on Capex	(3,446)	(3,784)	-89%	(17,215)	(10,666)	614%
Acquisition of subsidiaries/payments of holdback	-	-	NMF	(41,186)	-	NMF
Interest income received	1,680	580	NMF	5,150	1,717	NMF
Intersegment loans issued proceeds from other investing activities	(7,121)	(4,532)	571%	(1,307)	(4,414)	-704%
Net cash flow from investing activities	(8,887)	(7,736)	149%	(54,558)	(13,363)	NMF
Cash flows from financing activities						
Payment of dividends	(18,442)	(11,787)	565%	(24,605)	(26,454)	-70%
Payment of finance lease liabilities	(4,948)	(5,124)	-34%	(15,396)	(14,663)	50%
Interest expense paid on finance lease	(1,902)	(1,635)	163%	(5,769)	(4,845)	191%
Increase/(decrease) in borrowings	16,000	3,081	NMF	42,586	2,847	NMF
Interest expense paid	(2,617)	(643)	NMF	(7,874)	(2,063)	NMF
Net cash flows from financing activities	(11,909)	(16,108)	-261%	(11,058)	(45,178)	-755%
Net cash flows from financing activities, excluding IFRS 16	(5,059)	(9,349)	-459%	10,107	(25,670)	NMF
Effect of exchange rates changes on cash and cash equivalents	(279)	(200)	395%	(1,372)	(1,027)	655%
Net increase/(decrease) in cash and cash equivalents	5,043	8,897	-433%	8,657	(327)	NMF
Cash and bank deposits, beginning	58,230	27,632	NMF	54,616	36,856	482%
Cash and bank deposits, ending	63,273	36,529	732%	63,273	36,529	732%

SELECTED FINANCIAL INFORMATION – Pharmacy and Distribution, *continued***BALANCE SHEET**

<i>GEL thousands, unless otherwise noted</i>	Sep-22	Jun-22	Change	Dec-21	Change
Cash and bank deposits	63,273	58,230	8.7%	54,616	15.9%
Securities and loans issued	21,526	14,464	48.8%	20,922	2.9%
Receivables from sale of pharmaceuticals	40,663	45,146	-9.9%	59,113	-31.2%
Property and equipment	51,653	49,412	4.5%	44,020	17.3%
Right of use assets	100,254	102,029	-1.7%	92,653	8.2%
Goodwill and other intangible assets	55,874	55,782	0.2%	54,453	2.6%
Inventory	200,731	192,677	4.2%	191,371	4.9%
Prepayments	8,529	12,064	-29.3%	5,186	64.5%
Other assets	2,958	2,210	33.8%	480	NMF
Total assets	545,461	532,014	2.5%	522,814	4.3%
Borrowed Funds	131,124	116,126	12.9%	89,844	45.9%
Lease liabilities	107,110	111,051	-3.5%	104,613	2.4%
Accounts payable	147,181	148,556	-0.9%	166,562	-11.6%
Other liabilities	111,000	104,561	6.2%	136,935	-18.9%
Total liabilities	496,415	480,294	3.4%	497,954	-0.3%
Total shareholders' equity	49,046	51,720	-5.2%	24,860	97.3%

SELECTED FINANCIAL INFORMATION – Hospitals

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>						
	3Q22	3Q21	Change	9M22	9M21	Change
Revenue, gross	67,343	82,456	-18.3%	219,379	235,521	-6.9%
Corrections & rebates	(763)	(1,200)	-36.4%	(3,242)	(2,516)	28.9%
Revenue, net	66,580	81,256	-18.1%	216,137	233,005	-7.2%
Costs of services	(43,746)	(50,784)	-13.9%	(138,950)	(139,993)	-0.7%
Cost of salaries and other employee benefits	(25,913)	(26,964)	-3.9%	(79,467)	(73,094)	8.7%
Cost of materials and supplies	(11,920)	(17,583)	-32.2%	(40,919)	(49,149)	-16.7%
Cost of medical service providers	(1,309)	(1,852)	-29.3%	(4,178)	(5,418)	-22.9%
Cost of utilities and other	(4,604)	(4,385)	5.0%	(14,386)	(12,332)	16.7%
Gross profit	22,834	30,472	-25.1%	77,187	93,012	-17.0%
Gross profit margin	33.9%	37.0%	-3.1 ppts	35.2%	39.5%	-4.3 ppts
Salaries and other employee benefits	(9,260)	(9,655)	-4.1%	(28,136)	(27,461)	2.5%
General and administrative expenses	(3,247)	(2,697)	20.4%	(9,952)	(7,899)	26.0%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(3,405)</i>	<i>(2,959)</i>	<i>15.1%</i>	<i>(10,712)</i>	<i>(8,545)</i>	<i>25.4%</i>
Impairment of receivables	(1,164)	(1,130)	3.0%	(3,469)	(2,858)	21.4%
Other operating income	936	1,311	-28.6%	3,619	2,910	24.4%
EBITDA	10,099	18,301	-44.8%	39,249	57,704	-32.0%
EBITDA excluding IFRS 16	9,941	18,039	-44.9%	38,489	57,058	-32.5%
EBITDA margin excluding IFRS 16	14.8%	21.9%	-7.1 ppts	17.5%	24.2%	-6.7 ppts
Depreciation and amortization	(7,637)	(6,872)	11.1%	(22,729)	(19,478)	16.7%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(6,941)</i>	<i>(6,656)</i>	<i>4.3%</i>	<i>(20,867)</i>	<i>(18,873)</i>	<i>10.6%</i>
Net interest income (expense)	(5,354)	(4,556)	17.5%	(15,004)	(12,925)	16.1%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(5,266)</i>	<i>(4,512)</i>	<i>16.7%</i>	<i>(14,782)</i>	<i>(12,790)</i>	<i>15.6%</i>
Net gains/(losses) from foreign currencies	4,478	247	NMF	5,639	1,602	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>4,293</i>	<i>218</i>	<i>NMF</i>	<i>5,112</i>	<i>1,490</i>	<i>NMF</i>
Net non-recurring income/(expense)	(5,524)	(1,901)	NMF	(9,371)	(4,541)	NMF
Net (loss)/profit before income tax expense	(3,938)	5,219	NMF	(2,216)	22,362	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF
Net (loss)/profit for the period	(3,938)	5,219	NMF	(2,216)	22,362	NMF
Attributable to:						
- shareholders of the Company	(4,464)	4,639	NMF	(3,672)	20,630	NMF
- non-controlling interests	526	580	-9.3%	1,456	1,732	-15.9%
Net (loss)/profit for the period excluding IFRS 16	(3,497)	5,188	NMF	(1,419)	22,344	NMF
Attributable to:						
- shareholders of the Company	(4,023)	4,608	NMF	(2,875)	20,612	NMF
- non-controlling interests	526	580	-9.3%	1,456	1,732	-15.9%

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>						
	3Q22	3Q21	Change	9M22	9M21	Change
Cash flows from operating activities						
Revenue received	68,459	85,041	-19.5%	219,960	214,255	2.7%
Cost of services paid	(45,728)	(49,708)	-8.0%	(147,990)	(135,496)	9.2%
Gross profit received	22,731	35,333	-35.7%	71,970	78,759	-8.6%
Salaries paid	(12,756)	(7,371)	73.1%	(33,865)	(23,201)	46.0%
General and administrative expenses paid	(5,015)	(3,972)	26.3%	(16,680)	(10,954)	52.3%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(5,173)</i>	<i>(4,234)</i>	<i>22.2%</i>	<i>(17,440)</i>	<i>(11,600)</i>	<i>50.3%</i>
Other operating income/(expense) and tax paid	(885)	(673)	31.5%	(2,096)	(2,056)	1.9%
Net cash flows from operating activities before income tax	4,075	23,317	-82.5%	19,329	42,548	-54.6%
Income tax paid	(149)	(128)	16.4%	(185)	(174)	6.3%
Net cash flows from operating activities	3,926	23,189	-83.1%	19,144	42,374	-54.8%
Net cash flows from operating activities, excluding IFRS 16	3,768	22,927	-83.6%	18,384	41,728	-55.9%
Cash flows from investing activities						
Cash outflow on Capex	(5,418)	(6,713)	-19.3%	(14,507)	(17,638)	-17.8%
Acquisition of subsidiaries/payments of holdback	-	(5,842)	NMF	-	(12,060)	NMF
Interest income received	548	2,280	-76.0%	2,229	5,240	-57.5%
Proceeds from sale of associate/subsidiary	-	-	NMF	8,721	-	NMF
Dividends and intersegment loans issued/received	(2,052)	13,192	NMF	(1,053)	31,633	NMF
Net cash flow from investing activities	(6,922)	2,917	NMF	(4,610)	7,175	NMF
Cash flows from financing activities						
Payment of dividends	(13,097)	(25,158)	-47.9%	(14,703)	(25,369)	-42.0%
Purchase of treasury shares	-	(1,015)	NMF	(821)	(6,036)	-86.4%
Payment of finance lease liabilities	(70)	(218)	-67.9%	(538)	(511)	5.3%
Interest expense paid on finance lease	(88)	(44)	NMF	(222)	(135)	64.4%
Increase/(decrease) in borrowings	28,535	(12,028)	NMF	(4,663)	(35,738)	-87.0%
Interest expense paid	(8,701)	(10,228)	-14.9%	(18,976)	(25,943)	-26.9%
Net cash flows from financing activities	6,579	(48,691)	NMF	(39,923)	(93,732)	-57.4%
Net cash flows from financing activities, excluding IFRS 16	6,737	(48,429)	NMF	(39,163)	(93,086)	-57.9%
Effect of exchange rates changes on cash and cash equivalents	(493)	(319)	54.5%	(1,694)	(1,716)	-1.0%
Net increase/(decrease) in cash and cash equivalents	3,090	(22,904)	NMF	(27,083)	(45,899)	-41.0%
Cash and bank deposits, beginning	15,958	64,397	-75.2%	46,131	87,392	-47.2%
Cash and bank deposits, ending	19,048	41,493	-54.1%	19,048	41,493	-54.1%

SELECTED FINANCIAL INFORMATION – Hospitals, *continued***BALANCE SHEET**

<i>GEL thousands, unless otherwise noted</i>	Sep-22	Jun-22	Change	Dec-21	Change
Cash and bank deposits	19,048	15,958	19.4%	46,131	-58.7%
Receivables from healthcare services	91,750	94,162	-2.6%	94,065	-2.5%
Property and equipment	389,541	391,443	-0.5%	403,062	-3.4%
Right of use assets	4,563	5,182	-11.9%	2,435	87.4%
Goodwill and other intangible assets	52,831	51,914	1.8%	54,728	-3.5%
Inventory	19,604	20,105	-2.5%	23,869	-17.9%
Prepayments	7,043	5,770	22.1%	5,317	32.5%
Other assets	28,607	26,068	9.7%	28,464	0.5%
<i>Of which, securities and intercompany loans</i>	<i>12,125</i>	<i>11,120</i>	<i>9.0%</i>	<i>11,678</i>	<i>3.8%</i>
Total assets	612,987	610,602	0.4%	658,071	-6.9%
Borrowed Funds	203,879	185,298	10.0%	223,433	-8.8%
Accounts payable	23,086	24,362	-5.2%	33,648	-31.4%
Other liabilities	39,692	37,491	5.9%	36,347	9.2%
Total liabilities	266,657	247,151	7.9%	293,428	-9.1%
Total shareholders' equity attributable to:	346,330	363,451	-4.7%	364,643	-5.0%
Shareholders of the Company	316,243	333,878	-5.3%	335,973	-5.9%
Non-controlling interest	30,087	29,573	1.7%	28,670	4.9%

SELECTED FINANCIAL INFORMATION – Medical Insurance

INCOME STATEMENT

<i>GEL thousands, unless otherwise noted</i>	3Q22	3Q21	Change	9M22	9M21	Change
Gross premiums written	14,553	12,513	16.3%	63,158	58,934	7.2%
Earned premiums, gross	19,638	19,048	3.1%	55,585	54,333	2.3%
Earned premiums, net	19,404	18,888	2.7%	54,885	54,084	1.5%
Insurance claims expenses, gross	(14,219)	(14,077)	1.0%	(44,396)	(42,517)	4.4%
Insurance claims expenses, net	(14,164)	(14,071)	0.7%	(44,257)	(42,577)	3.9%
Acquisition costs, net	(948)	(852)	11.3%	(2,648)	(2,422)	9.3%
Net underwriting profit	4,292	3,965	8.2%	7,980	9,085	-12.2%
Investment income	939	726	29.3%	2,765	2,148	28.7%
Net fee and commission income	31	12	NMF	81	3	NMF
Net investment profit	970	738	31.4%	2,846	2,151	32.3%
Salaries and employee benefits	(1,505)	(1,481)	1.6%	(4,483)	(4,261)	5.2%
Selling, general and administrative expenses	(366)	(379)	-3.4%	(1,333)	(1,162)	14.7%
Depreciation & Amortisation	(550)	(372)	47.8%	(1,479)	(1,109)	33.4%
Impairment charges	(35)	(149)	-76.5%	(160)	(568)	-71.8%
Net other operating income	(29)	(20)	45.0%	(68)	(57)	19.3%
Operating profit	2,777	2,302	20.6%	3,303	4,079	-19.0%
Foreign exchange (loss)/gain	171	78	NMF	611	376	62.5%
Interest expense	(225)	(151)	49.0%	(808)	(434)	86.2%
Non-recurring expenses	-	(92)	NMF	(67)	(137)	-51.1%
Pre-tax profit/(loss)	2,723	2,137	27.4%	3,039	3,884	-21.8%
Income tax expense	(427)	(356)	19.9%	(523)	(704)	-25.7%
Net profit/(loss)	2,296	1,781	28.9%	2,516	3,180	-20.9%

STATEMENT OF CASH FLOW

<i>GEL thousands, unless otherwise noted</i>	3Q22	3Q21	Change	9M22	9M21	Change
Insurance premium received	18,512	18,037	2.6%	52,011	50,403	3.2%
Reinsurance premium paid	(9)	(38)	-76.3%	(392)	(160)	NMF
Insurance benefits and claims paid	(13,640)	(13,784)	-1.0%	(43,244)	(39,930)	8.3%
Reinsurance claims received	14	-	NMF	38	-	NMF
Acquisition costs paid	(413)	(493)	-16.2%	(1,564)	(1,465)	6.8%
Salaries and benefits paid	(1,325)	(1,440)	-8.0%	(4,439)	(4,803)	-7.6%
Interest received	301	502	-40.0%	1,568	1,870	-16.1%
Net other operating expenses paid	(534)	(574)	-7.0%	(1,906)	(1,839)	3.6%
Income tax paid	(430)	(683)	-37.0%	(535)	(1,523)	-64.9%
Net cash flows from operating activities	2,476	1,527	62.1%	1,537	2,553	-39.8%
Cash outflows on capex	(251)	(42)	NMF	(615)	(209)	NMF
Other investing activities	-	1,301	NMF	1,729	1,925	-10.2%
Net cash flows from used in investing activities	(251)	1,259	NMF	1,114	1,716	-35.1%
Dividend Paid	(1,050)	(1,050)	NMF	(1,050)	(3,147)	-66.6%
Increase/(decrease) in borrowings	1,050	(325)	NMF	890	(700)	NMF
Interest Paid	(84)	(39)	NMF	(279)	(100)	NMF
Cash paid for lease liabilities	(241)	(172)	40.1%	(657)	(534)	23.0%
Net cash flows from financing activities	(325)	(1,586)	-79.5%	(1,096)	(4,481)	-75.5%
Effect of exchange rates changes on cash and cash equivalents	253	(73)	NMF	100	(508)	NMF
Total cash inflow/(outflow)	2,153	1,127	91.0%	1,655	(720)	NMF
Cash and cash equivalents, beginning	23,402	23,254	0.6%	23,900	25,101	-4.8%
Cash and cash equivalents, ending	25,555	24,381	4.8%	25,555	24,381	4.8%

BALANCE SHEET

<i>GEL thousands, unless otherwise noted</i>	Sep-22	Jun-22	Change	Dec-21	Change
Total assets, of which:	95,921	97,999	-2.1%	78,822	21.7%
Cash and bank deposits	25,555	23,402	9.2%	23,900	6.9%
Insurance premiums receivable	34,451	38,924	-11.5%	24,585	40.1%
Property and equipment	13,415	13,212	1.5%	13,050	2.8%
Right of use assets	5,325	5,626	-5.4%	587	NMF
Goodwill and other intangible assets	5,432	5,414	0.3%	5,377	1.0%
Inventory	310	331	-6.3%	392	-20.9%
Prepayments	1,642	1,714	-4.2%	1,585	3.6%
Other assets of which:	9,791	9,376	4.4%	9,346	4.8%
securities and intercompany loans	6,309	6,364	-0.9%	8,733	-22.4%
Total liabilities, of which:	61,311	64,734	-5.3%	46,592	31.6%
Borrowed Funds	5,513	4,404	25.2%	4,469	23.4%
Accounts payable	294	288	2.1%	289	1.7%
Insurance contract liabilities	39,558	44,254	-10.6%	31,725	24.7%
Other liabilities	15,946	15,788	1.0%	10,109	57.7%
Total shareholders' equity	34,610	33,265	4.0%	32,230	7.4%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
	3Q22	3Q21	Change	3Q22	3Q21	Change	3Q22	3Q21	3Q22	3Q21	Change
Revenue, gross	14,552	18,215	-20.1%	4,459	8,807	-49.4%	(1,239)	(1,599)	17,772	25,423	-30.1%
Corrections & rebates	(109)	(138)	-21.0%	-	-	NMF	-	-	(109)	(138)	-21.0%
Revenue, net	14,443	18,077	-20.1%	4,459	8,807	-49.4%	(1,239)	(1,599)	17,663	25,285	-30.1%
Costs of services	(8,375)	(10,031)	-16.5%	(3,581)	(5,343)	-33.0%	1,239	1,599	(10,717)	(13,775)	-22.2%
Cost of salaries and other employee benefits	(5,467)	(5,615)	-2.6%	(1,094)	(754)	45.1%	-	-	(6,561)	(6,369)	3.0%
Cost of materials and supplies	(1,073)	(1,910)	-43.8%	(2,094)	(4,289)	-51.2%	-	-	(3,167)	(6,199)	-48.9%
Cost of medical service providers	(1,311)	(1,756)	-25.3%	(86)	(96)	-10.4%	1,239	1,599	(158)	(253)	-37.5%
Cost of utilities and other	(524)	(750)	-30.1%	(307)	(204)	50.5%	-	-	(831)	(954)	-12.9%
Gross profit	6,068	8,046	-24.6%	878	3,464	-74.7%	-	-	6,946	11,510	-39.7%
Gross profit margin	41.7%	44.2%	-2.5ppts	19.7%	39.3%	-19.6ppts	N/A	N/A	39.1%	45.3%	-6.2ppts
Salaries and other employee benefits	(3,056)	(2,710)	12.8%	(470)	(578)	-18.7%	-	-	(3,526)	(3,288)	7.2%
General and administrative expenses	(1,349)	(1,320)	2.2%	(388)	(535)	-27.5%	-	-	(1,737)	(1,855)	-6.4%
<i>General and administrative expenses excluding IFRS 16</i>	(1,719)	(1,637)	5.0%	(388)	(535)	-27.5%	-	-	(2,107)	(2,172)	-3.0%
Impairment of receivables	(66)	(82)	-19.5%	-	-	NMF	-	-	(66)	(82)	-19.5%
Other operating income	64	102	-37.3%	(28)	(86)	-67.4%	-	-	36	16	NMF
EBITDA	1,661	4,036	-58.8%	(8)	2,265	NMF	-	-	1,653	6,301	-73.8%
EBITDA excluding IFRS 16	1,291	3,719	-65.3%	(8)	2,265	NMF	-	-	1,283	5,984	-78.6%
EBITDA margin excluding IFRS 16	8.9%	20.4%	-11.5ppts	-0.2%	25.7%	-25.9ppts	N/A	N/A	7.2%	23.5%	-16.3ppts
Depreciation and amortization	(2,084)	(1,762)	18.3%	(194)	(176)	10.2%	-	-	(2,278)	(1,938)	17.5%
<i>Depreciation and amortization excluding IFRS 16</i>	(1,730)	(1,588)	8.9%	(194)	(176)	10.2%	-	-	(1,924)	(1,764)	9.1%
Net interest income (expense)	(1,361)	(1,256)	8.4%	(112)	(159)	-29.6%	-	-	(1,473)	(1,415)	4.1%
<i>Net interest income (expense) excluding IFRS 16</i>	(1,145)	(1,130)	1.3%	(112)	(159)	-29.6%	-	-	(1,257)	(1,289)	-2.5%
Net gains/(losses) from foreign currencies	2,261	175	NMF	-	9	NMF	-	-	2,261	184	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	1,833	68	NMF	-	9	NMF	-	-	1,833	77	NMF
Net non-recurring income/(expense)	(1,234)	(206)	NMF	(34)	(49)	-30.6%	-	-	(1,268)	(255)	NMF
Net (loss)/profit before income tax expense	(757)	987	NMF	(348)	1,890	NMF	-	-	(1,105)	2,877	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net (loss)/profit for the period	(757)	987	NMF	(348)	1,890	NMF	-	-	(1,105)	2,877	NMF
Attributable to:											
- shareholders of the Company	(774)	918	NMF	(348)	1,890	NMF	-	-	(1,122)	2,808	NMF
- non-controlling interests	17	69	-75.4%	-	-	NMF	-	-	17	69	-75.4%
Net (loss)/profit for the period excluding IFRS 16	(985)	863	NMF	(348)	1,890	NMF	-	-	(1,333)	2,753	NMF
Attributable to:											
- shareholders of the Company	(1,002)	794	NMF	(348)	1,890	NMF	-	-	(1,350)	2,684	NMF
- non-controlling interests	17	69	-75.4%	-	-	NMF	-	-	17	69	-75.4%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
	9M22	9M21	Change	9M22	9M21	Change	9M22	9M21	9M22	9M21	Change
Revenue, gross	49,504	50,365	-1.7%	16,224	21,999	-26.3%	(4,076)	(4,450)	61,652	67,914	-9.2%
Corrections & rebates	(266)	(369)	-27.9%	-	-	NMF	-	-	(266)	(369)	-27.9%
Revenue, net	49,238	49,996	-1.5%	16,224	21,999	-26.3%	(4,076)	(4,450)	61,386	67,545	-9.1%
Costs of services	(28,230)	(27,308)	3.4%	(12,293)	(13,347)	-7.9%	4,082	4,450	(36,441)	(36,205)	0.7%
Cost of salaries and other employee benefits	(17,301)	(14,718)	17.5%	(3,394)	(1,904)	78.3%	-	-	(20,695)	(16,622)	24.5%
Cost of materials and supplies	(4,539)	(4,988)	-9.0%	(7,560)	(10,537)	-28.3%	-	-	(12,099)	(15,525)	-22.1%
Cost of medical service providers	(4,578)	(4,990)	-8.3%	(427)	(234)	82.5%	4,082	4,450	(923)	(774)	19.3%
Cost of utilities and other	(1,812)	(2,612)	-30.6%	(912)	(672)	35.7%	-	-	(2,724)	(3,284)	-17.1%
Gross profit	21,008	22,688	-7.4%	3,931	8,652	-54.6%	6	-	24,945	31,340	-20.4%
Gross profit margin	42.4%	45.0%	-2.6pppts	24.2%	39.3%	-15.1pppts	N/A	N/A	40.5%	46.1%	-5.6pppts
Salaries and other employee benefits	(8,804)	(7,742)	13.7%	(1,421)	(1,647)	-13.7%	-	-	(10,225)	(9,389)	8.9%
General and administrative expenses	(3,880)	(3,656)	6.1%	(1,472)	(1,019)	44.5%	-	-	(5,352)	(4,675)	14.5%
<i>General and administrative expenses excluding IFRS 16</i>	(4,857)	(4,502)	7.9%	(1,472)	(1,019)	44.5%	-	-	(6,329)	(5,521)	14.6%
Impairment of receivables	(239)	(215)	11.2%	-	-	NMF	-	-	(239)	(215)	11.2%
Other operating income	242	278	-12.9%	(86)	(232)	-62.9%	(6)	-	150	46	NMF
EBITDA	8,327	11,353	-26.7%	952	5,754	-83.5%	-	-	9,279	17,107	-45.8%
EBITDA excluding IFRS 16	7,350	10,507	-30.0%	952	5,754	-83.5%	-	-	8,302	16,261	-48.9%
EBITDA margin excluding IFRS 16	14.8%	20.9%	-6.1pppts	5.9%	26.2%	-20.3pppts	N/A	N/A	13.5%	23.9%	-10.5pppts
Depreciation and amortization	(5,471)	(5,112)	7.0%	(571)	(520)	9.8%	-	-	(6,042)	(5,632)	7.3%
<i>Depreciation and amortization excluding IFRS 16</i>	(4,828)	(4,663)	3.5%	(571)	(520)	9.8%	-	-	(5,399)	(5,183)	4.2%
Net interest income (expense)	(4,372)	(3,683)	18.7%	(315)	(479)	-34.2%	-	-	(4,687)	(4,162)	12.6%
<i>Net interest income (expense) excluding IFRS 16</i>	(3,809)	(3,201)	19.0%	(315)	(479)	-34.2%	-	-	(4,124)	(3,680)	12.1%
Net gains/(losses) from foreign currencies	2,903	606	NMF	4	(2)	NMF	-	-	2,907	604	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	1,677	201	NMF	4	(2)	NMF	-	-	1,681	199	NMF
Net non-recurring income/(expense)	(1,351)	(483)	NMF	(90)	(50)	80.0%	-	-	(1,441)	(533)	NMF
Net (loss)/profit before income tax expense	36	2,681	-98.7%	(20)	4,703	NMF	-	-	16	7,384	-99.8%
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net (loss)/profit for the period	36	2,681	-98.7%	(20)	4,703	NMF	-	-	16	7,384	-99.8%
Attributable to:											
- shareholders of the Company	(125)	2,482	NMF	(20)	4,703	NMF	-	-	(145)	7,185	NMF
- non-controlling interests	161	199	-19.1%	-	-	NMF	-	-	161	199	-19.1%
Net (loss)/profit for the period excluding IFRS 16	(961)	2,361	NMF	(20)	4,703	NMF	-	-	(981)	7,064	NMF
Attributable to:											
- shareholders of the Company	(1,122)	2,162	NMF	(20)	4,703	NMF	-	-	(1,142)	6,865	NMF
- non-controlling interests	161	199	-19.1%	-	-	NMF	-	-	161	199	-19.1%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

STATEMENT OF CASH FLOW	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
GEL thousands, unless otherwise noted	3Q22	3Q21	Change	3Q22	3Q21	Change	3Q22	3Q21	3Q22	3Q21	Change
Cash flows from operating activities											
Revenue received	14,036	15,439	-9.1%	4,111	8,821	-53.4%	(737)	(1,082)	17,410	23,178	-24.9%
Cost of services paid	(8,053)	(7,859)	2.5%	(2,069)	(3,313)	-37.5%	737	1,082	(9,385)	(10,090)	-7.0%
Gross profit received	5,983	7,580	-21.1%	2,042	5,508	-62.9%	-	-	8,025	13,088	-38.7%
Salaries paid	(2,392)	(2,073)	15.4%	(1,552)	(990)	56.8%	-	-	(3,944)	(3,063)	28.8%
General and administrative expenses paid	(1,059)	(1,444)	-26.7%	(530)	(871)	-39.2%	-	-	(1,589)	(2,315)	-31.4%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(1,429)</i>	<i>(1,761)</i>	<i>-18.9%</i>	<i>(530)</i>	<i>(871)</i>	<i>-39.2%</i>	-	-	<i>(1,959)</i>	<i>(2,632)</i>	<i>-25.6%</i>
Other operating income/(expense) and tax paid	(350)	(268)	30.6%	(31)	721	NMF	-	-	(381)	453	NMF
Net cash flows from operating activities before income tax	2,182	3,795	-42.5%	(71)	4,368	NMF	-	-	2,111	8,163	-74.1%
Income tax paid	(10)	(2)	NMF	-	-	NMF	-	-	(10)	(2)	NMF
Net cash flows from operating activities	2,172	3,793	-42.7%	(71)	4,368	NMF	-	-	2,101	8,161	-74.3%
Net cash flows from operating activities, excluding IFRS 16	1,802	3,476	-48.2%	(71)	4,368	NMF	-	-	1,731	7,844	-77.9%
Cash flows from investing activities											
Cash outflow on Capex	(1,566)	(1,544)	1.4%	(92)	(204)	-54.9%	-	-	(1,658)	(1,748)	-5.1%
Interest income received	117	139	-15.8%	14	83	-83.1%	-	-	131	222	-41.0%
Dividends and intersegment loans issued/received	(148)	(7)	NMF	-	(543)	NMF	-	-	(148)	(550)	-73.1%
Net cash flow from investing activities	(1,597)	(1,412)	13.1%	(78)	(664)	-88.3%	-	-	(1,675)	(2,076)	-19.3%
Cash flows from financing activities											
Payment of dividends	-	(75)	NMF	-	-	NMF	-	-	-	(75)	NMF
Payment of finance lease liabilities	(154)	(191)	-19.4%	-	-	NMF	-	-	(154)	(191)	-19.4%
Interest expense paid on finance lease	(216)	(126)	71.4%	-	-	NMF	-	-	(216)	(126)	71.4%
Increase/(decrease) in borrowings	1,124	3,897	-71.2%	(235)	(1,341)	-82.5%	-	-	889	2,556	-65.2%
Interest expense paid	(837)	(1,131)	-26.0%	(102)	(629)	-83.8%	-	-	(939)	(1,760)	-46.6%
Net cash flows from financing activities	(83)	2,374	NMF	(337)	(1,970)	-82.9%	-	-	(420)	404	NMF
Net cash flows from financing activities, excluding IFRS 16	287	2,691	-89.3%	(337)	(1,970)	-82.9%	-	-	(50)	721	NMF
Effect of exchange rates changes on cash and cash equivalents	5	(29)	NMF	(1)	(8)	NMF	-	-	4	(37)	NMF
Net increase/(decrease) in cash and cash equivalents	497	4,726	-89.5%	(487)	1,726	NMF	-	-	10	6,452	-99.8%
Cash and bank deposits, beginning	613	2,004	-69.4%	1,106	1,537	-28.1%	-	-	1,719	3,541	-51.5%
Cash and bank deposits, ending	1,110	6,730	-83.5%	619	3,263	-81.0%	-	-	1,729	9,993	-82.7%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

STATEMENT OF CASH FLOW	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	9M22	9M21	Change	9M22	9M21	Change	9M22	9M21	9M22	9M21	Change
Cash flows from operating activities											
Revenue received	45,776	43,647	4.9%	16,050	19,435	-17.4%	(3,383)	(3,528)	58,443	59,554	-1.9%
Cost of services paid	(27,299)	(23,883)	14.3%	(9,222)	(12,545)	-26.5%	3,383	3,528	(33,138)	(32,900)	0.7%
Gross profit received	18,477	19,764	-6.5%	6,828	6,890	-0.9%	-	-	25,305	26,654	-5.1%
Salaries paid	(7,430)	(6,100)	21.8%	(6,083)	(2,681)	NMF	-	-	(13,513)	(8,781)	53.9%
General and administrative expenses paid	(3,888)	(3,550)	9.5%	(1,482)	(1,120)	32.3%	-	-	(5,370)	(4,670)	15.0%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(4,865)</i>	<i>(4,396)</i>	<i>10.7%</i>	<i>(1,482)</i>	<i>(1,120)</i>	<i>32.3%</i>	-	-	<i>(6,347)</i>	<i>(5,516)</i>	<i>15.1%</i>
Other operating income/(expense) and tax paid	(791)	(379)	NMF	(116)	(50)	NMF	-	-	(907)	(429)	NMF
Net cash flows from operating activities before income tax	6,368	9,735	-34.6%	(853)	3,039	NMF	-	-	5,515	12,774	-56.8%
Income tax paid	(20)	(3)	NMF	-	-	NMF	-	-	(20)	(3)	NMF
Net cash flows from operating activities	6,348	9,732	-34.8%	(853)	3,039	NMF	-	-	5,495	12,771	-57.0%
Net cash flows from operating activities, excluding IFRS 16	5,371	8,886	-39.6%	(853)	3,039	NMF	-	-	4,518	11,925	-62.1%
Cash flows from investing activities											
Cash outflow on Capex	(7,344)	(4,579)	60.4%	(739)	(988)	-25.2%	-	-	(8,083)	(5,567)	45.2%
Interest income received	367	370	-0.8%	51	83	-38.6%	-	-	418	453	-7.7%
Dividends and intersegment loans issued/received	(451)	(111)	NMF	-	(750)	NMF	-	-	(451)	(861)	-47.6%
Net cash flow from investing activities	(7,428)	(4,320)	71.9%	(688)	(1,655)	-58.4%	-	-	(8,116)	(5,975)	35.8%
Cash flows from financing activities											
Payment of dividends	-	(200)	NMF	-	-	NMF	-	-	-	(200)	NMF
Payment of finance lease liabilities	(464)	(464)	NMF	-	-	NMF	-	-	(464)	(464)	NMF
Interest expense paid on finance lease	(513)	(382)	34.3%	-	-	NMF	-	-	(513)	(382)	34.3%
Increase/(decrease) in borrowings	4,525	4,429	2.2%	(675)	(1,381)	-51.1%	-	-	3,850	3,048	26.3%
Interest expense paid	(4,495)	(4,481)	0.3%	(309)	(629)	-50.9%	-	-	(4,804)	(5,110)	-6.0%
Net cash flows from financing activities	(947)	(1,098)	-13.8%	(984)	(2,010)	-51.0%	-	-	(1,931)	(3,108)	-37.9%
Net cash flows from financing activities, excluding IFRS 16	30	(252)	NMF	(984)	(2,010)	-51.0%	-	-	(954)	(2,262)	-57.8%
Effect of exchange rates changes on cash and cash equivalents	(12)	(30)	-58.6%	1	(7)	NMF	-	-	(11)	(37)	-67.6%
Net increase/(decrease) in cash and cash equivalents	(2,039)	4,284	NMF	(2,524)	(633)	NMF	-	-	(4,563)	3,651	NMF
Cash and bank deposits, beginning	3,149	2,446	28.7%	3,143	3,896	-19.3%	-	-	6,292	6,342	-0.8%
Cash and bank deposits, ending	1,110	6,730	-83.5%	619	3,263	-81.1%	-	-	1,729	9,993	-82.7%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

BALANCE SHEET	Clinics					Diagnostic					Eliminations			Clinics & Diagnostics				
	Sep-22	Jun-22	Change	Dec-21	Change	Sep-22	Jun-22	Change	Dec-21	Change	Sep-22	Jun-22	Dec-21	Sep-22	Jun-22	Change	Dec-21	Change
<i>GEL thousands, unless otherwise noted</i>																		
Cash and bank deposits	1,110	613	81.1%	3,149	-64.8%	619	1,106	-44.0%	3,143	-80.3%	-	-	-	1,729	1,719	0.6%	6,292	-72.5%
Receivables from healthcare services	14,485	14,367	0.8%	11,803	22.7%	5,800	5,517	5.1%	7,640	-24.1%	(2,028)	(1,488)	(1,640)	18,257	18,396	-0.8%	17,803	2.6%
Property and equipment	103,220	102,649	0.6%	100,472	2.7%	16,157	16,300	-0.9%	16,409	-1.5%	-	-	-	119,377	118,949	0.4%	116,881	2.1%
Right of use assets	13,176	13,760	-4.2%	5,457	141.5%	-	-	NMF	-	NMF	-	-	-	13,176	13,760	-4.2%	5,457	141.5%
Goodwill and other intangible assets	14,338	13,814	3.8%	13,394	7.0%	2,858	2,652	7.8%	2,582	10.7%	-	-	-	17,196	16,466	4.4%	15,976	7.6%
Inventory	2,142	2,490	-14.0%	3,491	-38.6%	1,942	2,212	-12.2%	1,635	18.8%	-	-	-	4,084	4,702	-13.1%	5,126	-20.3%
Prepayments	1,760	3,242	-45.7%	1,242	41.7%	939	931	0.9%	931	0.9%	-	-	-	2,699	4,173	-35.3%	2,173	24.2%
Other assets	9,451	9,089	4.0%	8,360	13.1%	759	765	-0.8%	772	-1.7%	(267)	(284)	(248)	9,943	9,570	3.9%	8,884	11.9%
<i>Of which, securities and intercompany loans</i>	3,759	3,823	-1.7%	3,947	-4.8%	-	-	NMF	-	NMF	(266)	(259)	(248)	3,493	3,564	-2.0%	3,699	-5.6%
Total assets	159,682	160,024	-0.2%	147,368	8.4%	29,074	29,483	-1.4%	33,112	-12.2%	(2,295)	(1,772)	(1,888)	186,461	187,735	-0.7%	178,592	4.4%
Borrowed Funds	50,818	51,228	-0.8%	46,417	9.5%	4,038	4,298	-6.0%	4,687	-13.8%	(263)	(261)	(250)	54,593	55,265	-1.2%	50,854	7.4%
Accounts payable	12,218	11,872	2.9%	11,963	2.1%	4,054	3,929	3.2%	6,383	-36.5%	(2,032)	(1,511)	(1,638)	14,240	14,290	-0.3%	16,708	-14.8%
Other liabilities	16,477	17,602	-6.4%	11,007	49.7%	1,128	1,054	7.0%	2,044	-44.8%	401	-	-	18,006	18,656	-3.5%	13,051	38.0%
Total liabilities	79,513	80,702	-1.5%	69,387	14.6%	9,220	9,281	-0.7%	13,114	-29.7%	(1,894)	(1,772)	(1,888)	86,839	88,211	-1.6%	80,613	7.7%
Total shareholders' equity attributable to:	80,169	79,322	1.1%	77,981	2.8%	19,854	20,202	-1.7%	19,998	-0.7%	(401)	-	-	99,622	99,524	0.1%	97,979	1.7%
Shareholders of the Company	79,361	78,543	1.0%	77,372	2.6%	19,854	20,202	-1.7%	19,998	-0.7%	(401)	-	-	98,814	98,745	0.1%	97,370	1.5%
Non-controlling interest	808	779	3.7%	609	32.7%	-	-	NMF	-	NMF	-	-	-	808	779	3.7%	609	32.7%

Selected ratios and KPIs

Selected ratios and KPIs	3Q22	3Q21	Change	9M22	9M21	Change
GHG, consolidated						
ROIC (%)	9.0%	16.8%	-7.8%	11.4%	16.7%	-5.3ppts
Group rent expenditure	8,954	8,373	6.9%	26,897	24,425	10.1%
<i>of which, Pharma</i>	8,006	7,613	5.2%	24,387	22,411	8.8%
Group capex (maintenance)	3,711	4,096	-9.4%	12,824	11,405	12.4%
Group capex (growth)	7,062	8,191	-13.8%	27,595	22,675	21.7%
Number of employees	15,438	15,544		15,438	15,544	
Number of physicians	3,249	3,324		3,249	3,324	
Number of nurses	3,036	3,134		3,036	3,134	
Nurse to doctor ratio, referral hospitals	0.93	0.94		0.93	0.94	
Number of pharmacists	2,953	2,954		2,953	2,954	
Hospitals						
EBITDA margin of Hospitals excl. IFRS 16	14.8%	21.9%	-7.1%	17.5%	24.2%	-6.7ppts
Direct salary rate (direct salary as % of revenue)	38.5%	32.7%	5.8%	36.2%	31.0%	5.2ppts
Materials rate (direct materials as % of revenue)	17.7%	21.3%	-3.6%	18.7%	20.9%	-2.2ppts
Administrative salary rate (administrative salaries as % of revenue)	13.8%	11.7%	2.1%	12.8%	11.7%	1.1ppts
SG&A rate (SG&A expenses as % of revenue)	5.1%	3.6%	1.5%	4.9%	3.6%	1.3ppts
Number of hospitals	16	17		16	17	
Number of referral hospital beds	2,524	2,596		2,524	2,596	
Bed occupancy rate	43.6%	67.7%	-24.1%	52.1%	63.8%	-11.7ppts
Bed occupancy rate, excluding Tbilisi Referral Hospital and Regional Hospital beds	44.5%	69.8%	-25.3%	54.0%	66.0%	-12.0ppts
Bed occupancy rate, Regional Hospital beds	47.1%	52.0%	-4.9%	50.9%	51.8%	-0.9ppts
Bed occupancy rate, Tbilisi Referral Hospital beds	34.0%	69.1%	-35.1%	41.1%	61.0%	-19.9ppts
Average length of stay (days)	4.6	5.7	-18.8%	5.1	5.6	-8.7%
Average revenue per hospital bed	106.7	127.1	-16.0%	114.8	121.0	-5.1ppts
Clinics						
EBITDA margin of clinics excluding IFRS 16	8.9%	20.4%	-11.5%	14.8%	20.9%	-6.1ppts
EBITDA margin of polyclinics excluding IFRS 16	10.3%	18.5%	-8.2%	16.7%	21.8%	-5.1ppts
Direct salary rate (direct salary as % of revenue)	37.6%	30.8%	6.8%	34.9%	29.2%	5.7ppts
Materials rate (direct materials as % of revenue)	7.4%	10.5%	-3.1%	9.2%	9.9%	-0.7ppts
Number of community clinics	19	19		19	19	
Number of community clinics beds	353	353		353	353	
Number of polyclinics	17	15		17	15	
Pharmacy and distribution						
EBITDA margin excluding IFRS 16[27]	9.5%	10.6%	-1.1%	9.7%	9.5%	0.2ppts
Number of bills issued in millions	7.5	7.4	1.6%	22.5	21.1	6.8%
Average bill size	18.8	18.5	1.8%	19.1	18.5	3.5%
Revenue from wholesale as a percentage of total revenue from pharma	21.8%	24.9%	-3.1%	22.0%	26.6%	-4.6ppts
Revenue from retail as a percentage of total revenue from pharma	78.2%	75.1%	3.1%	78.0%	73.4%	4.6ppts
Revenue from para-pharmacy as a percentage of retail revenue from pharma	37.4%	35.8%	1.6%	35.7%	34.7%	1.0ppts
Number of pharmacies	359	337	6.5%	359	337	6.5%
Medical insurance						
Loss ratio	73.0%	74.5%	-1.5%	80.6%	78.7%	1.9ppts
Expense ratio, <i>of which:</i>	17.5%	17.2%	0.3%	18.4%	17.7%	0.7ppts
<i>Commission ratio</i>	4.9%	4.5%	0.4%	4.8%	4.5%	0.3ppts
Combined ratio	90.5%	91.7%	-1.2%	99.0%	96.4%	2.6ppts
Renewal rate	85.0%	78.8%	6.2%	75.6%	78.2%	-2.6ppts
iagnostics						
EBITDA margin excluding IFRS 16	NMF	25.7%	NMF	5.9%	26.2%	-20.3ppts
Number of patients served ('000)	214	339	-36.9%	768	844	-9.1%
Number of tests performed ('000)	525	668	-21.5%	1,824	1,843	-1.0%
Average revenue per test GEL	8.5	13.2	-35.6%	8.9	11.9	-25.2%
Average number of tests per patient	2.5	2.0	25.0%	2.4	2.2	9.1%