



Investor presentation

Second quarter and half-year of 2020 results

An extract from parent company's, Georgia capital PLC, results file while for the full version they can refer to the following link: [Financial Results | Georgia Capital](#)

Forward looking statements

Disclaimer

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, which could 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 indicated could adversely affect our business and financial performance, which are contained in our past and future filings and reports and also the 'Principal Risks and Uncertainties' and Emerging Risks included in the 1H20 Results Announcement and Georgia Capital PLC's Annual Report and Accounts 2019. 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.

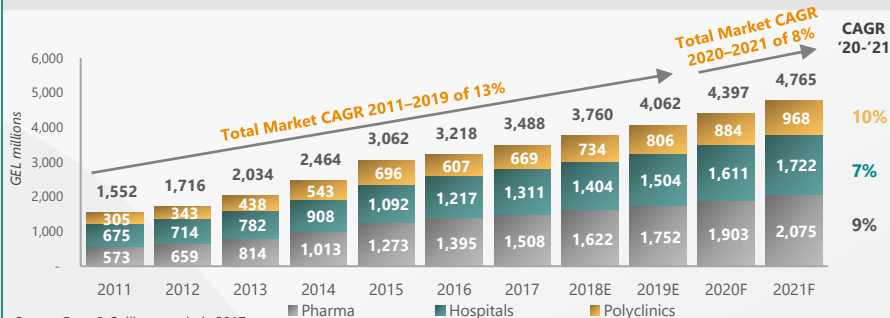
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Georgian healthcare market overview

Growth in Healthcare Services Market Expected to Continue

Double digit growth on the back of favorable dynamics expected



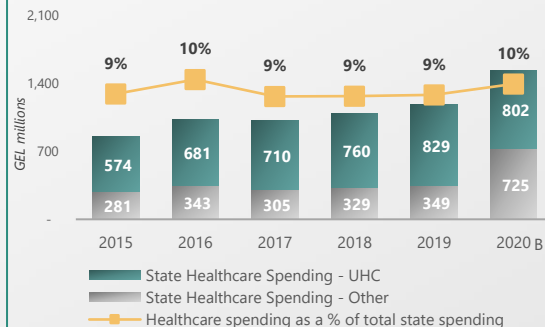
Source: Frost & Sullivan analysis 2017

Hospitals market includes revenue of c.10% from specialty beds, which is non-addressable market for GHG

Polyclinics market excludes dental and aesthetic services

State healthcare budget is increasing for the last several years

State healthcare spending dynamics

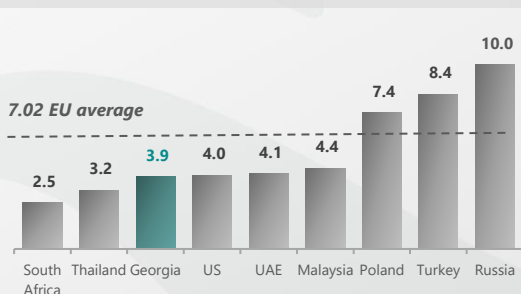


Source: Ministry of Finance of Georgia

- The country's expenditure on healthcare – c.8% of GDP;
- c.40% of the total healthcare expenditure is financed by the State;
- Government expenditure on healthcare as a % of GDP reached c.3% from 1.6% in 2013;
- Government spending on healthcare accounts for c.9% of the total budget;
- In 2020 increase in Other State Healthcare Spending is due to the elevated COVID-19 pandemic.

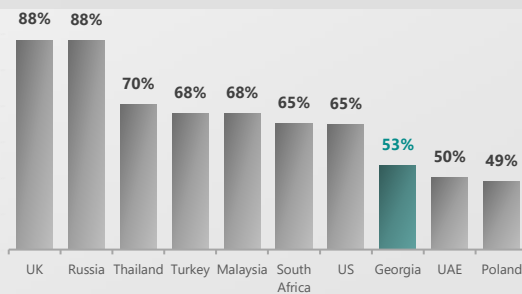
Long-term, high growth prospects

Outpatient visits per capita, 2014-2016

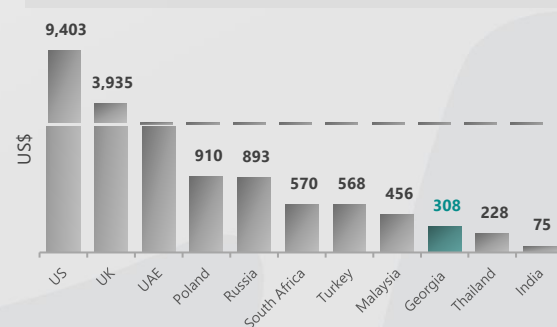


Source: Frost & Sullivan analysis 2017

Bed occupancy rate by country, 2014-2016



Per capita expenditures on healthcare by country, 2014-2018



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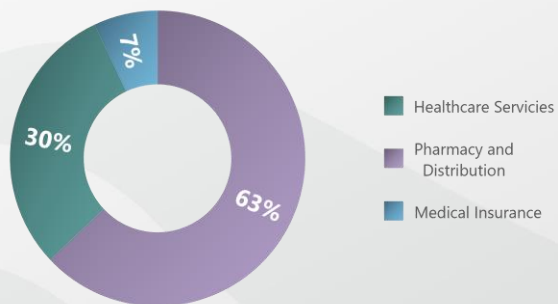
GHG at a glance

A well diversified business model with cost and synergy advantages

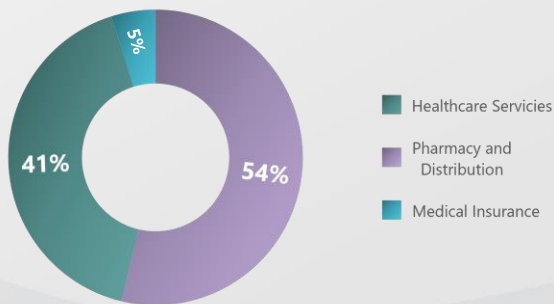
Extensive geographic coverage - diversified healthcare services and pharmacy network **covering 3/4 of Georgia's population**

Healthcare services						Pharmacy and distribution	Medical insurance
Hospitals	Clinics		Diagnostics				
18	19	15	1	299	c.175,000		
Referral Hospitals	Community Clinics	Polyclinics	Mega Lab	Pharmacies	Individuals insured		
<i>General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities</i>	<i>Outpatient and basic inpatient services in regional towns and municipalities</i>	<i>Outpatient diagnostic and treatment services in Tbilisi and major regional cities</i>	<i>Full range of diagnostics services, including basic and complex laboratory tests</i>	<i>Wholesaler and urban-retailer, with a countrywide distribution network</i>	<i>Range of private insurance products purchased by individuals and employers</i>		
Market share		23% by beds¹ (total 3,320 beds)	c.3% by revenue	N/A	c.32% by revenue²	c.28% by revenue³	
1H20 EBITDA EBITDA margin⁴		GEL 22.5 million 17.7% margin	GEL 3.6 million 16.8% margin	GEL (0.1) million -3.5% margin	GEL 33.6 million 10.5% margin	GEL 3.0 million 8.8% margin	

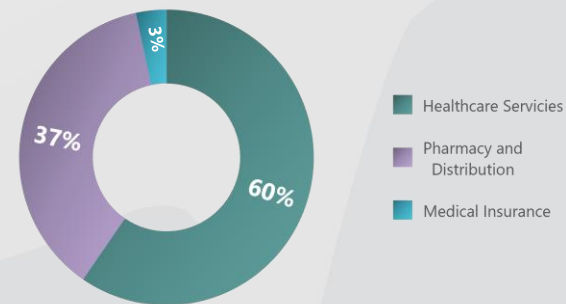
1H20 revenue breakdown | GEL 475 million



1H20 EBITDA⁴ breakdown | GEL 63 million



1H20 operating cash flow⁴ breakdown | GEL 90 million



Note 1: NCDC 2018, updated by GHG to include the changes before 30 June 2020; excluding specialty beds
 Note 2: Total market size 2018 – Frost & Sullivan analysis, revenue distribution between competitors represents managements estimates

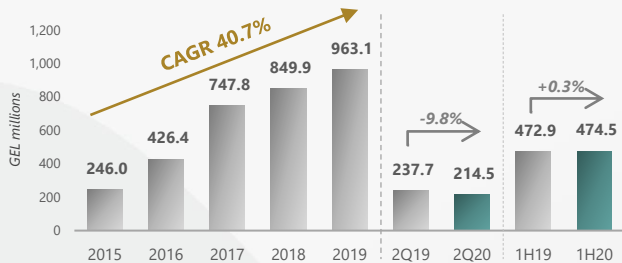
Note 3: Market share as of 31 March 2020
 Note 4: Excluding IFRS 16 effect

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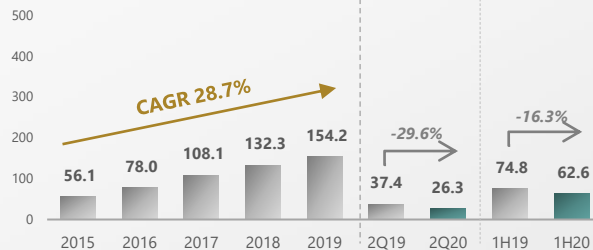
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GHG's track record of delivering strong results

Revenue

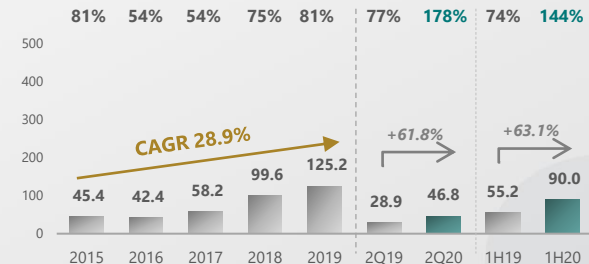


EBITDA¹

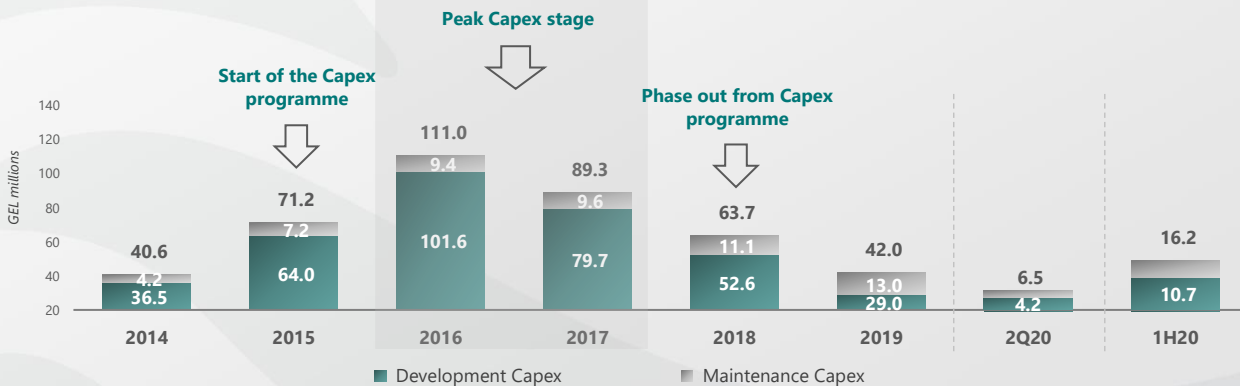


Operating cash flow¹

EBITDA to cash conversion ratio¹:

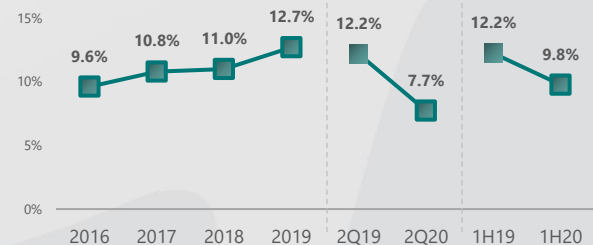


CAPEX



ROIC

Pursuing value creation and making and delivering strong operational performance



Note 1: Excluding IFRS16 impact

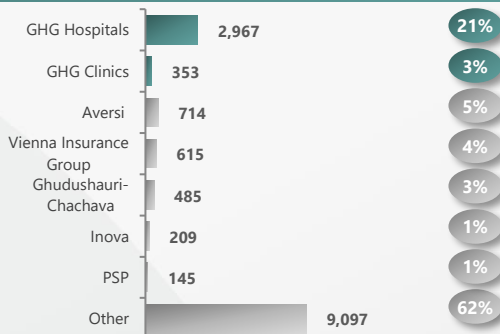
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Healthcare services business overview

The largest healthcare service provider in Georgia: more than 23% market share by number of referral hospitals and community clinics beds – 3,320

Market share by number of beds¹



Businesses major growth drivers

Referral hospitals

- > Organic growth of matured hospitals in line with the market
- > Growth in launched two flagship hospitals
- > Supporting growth pillars, such as medical tourism and clinical trials
- > Forming joint ventures in synergetic businesses
- > Digitalisation

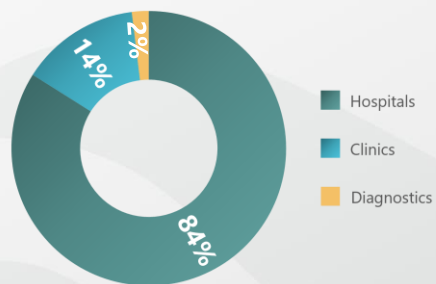
Clinics & Polyclinics

- > Increase number of registered customers
- > Increasing Group referrals
- > Adding new services, such as dental and aesthetic
- > Digitalisation

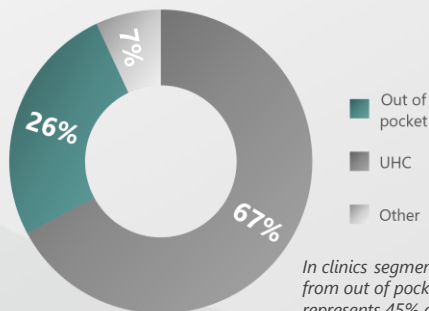
Diagnostics

- > Building an effective logistics system for Group's healthcare facilities
- > Develop retail network
- > Attracting B2B clients
- > Digital Channels

1H20 Revenue breakdown by segments



1H20 Revenue breakdown by payment sources



In clinics segment revenue from out of pocket payments represents 45% of total



Medium to long-term targets

- Double digit revenue CAGR in Hospitals and Clinics (20%+at Clinics)
- Gradually improving EBITDA margin
 - 28-30% at Hospitals
 - 25% at Clinics

Healthcare services business overview (cont'd)

Hospitals

18

Number of referral hospitals

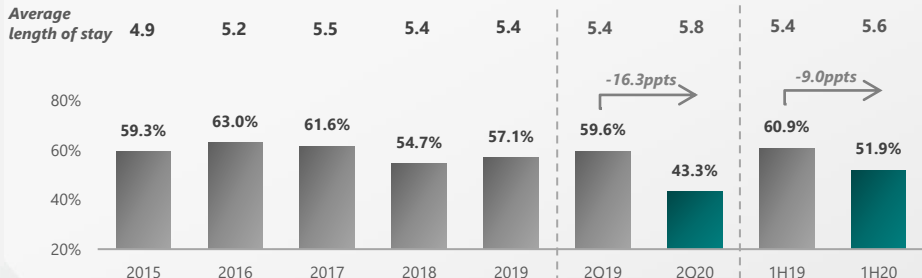
2,967

Number of hospital beds

KGEL 85.4

Revenue per bed, annualised

Bed occupancy rate



Clinics

19

Number of community clinics

353

Number of community clinics beds

15

Number of polyclinics

203,000

Number of registered patients in Tbilisi

1H20 Cash flow highlights

GEL 53.6mln

+153.4% y-o-y

Operating cash flow¹

206.9%

+156.6pppts y-o-y

EBITDA to cash conversion¹

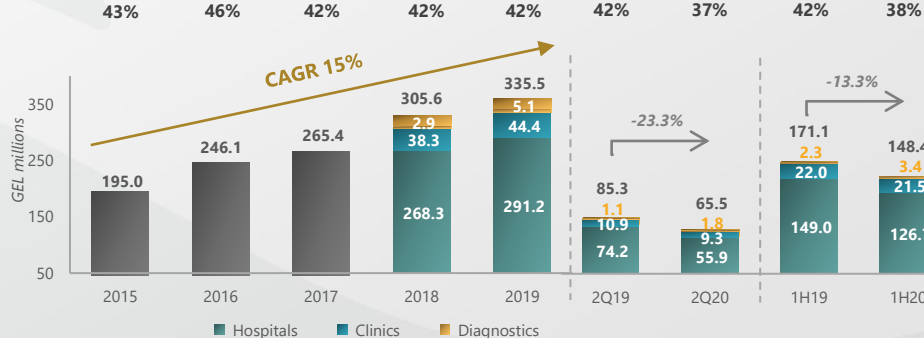
GEL 33.3mln

+223.4% y-o-y

Free cash flow¹

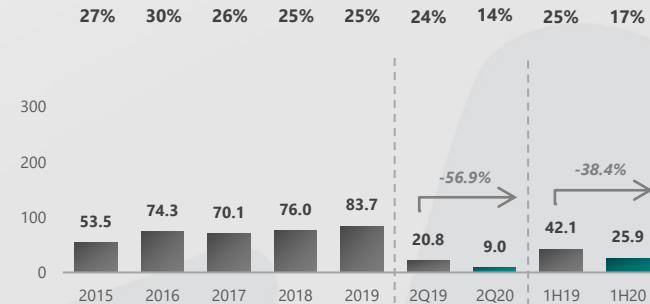
Revenue*

Gross profit margin (%)



EBITDA¹

EBITDA margin (%)



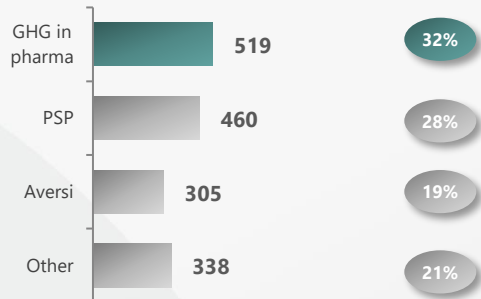
Note 1: Excluding IFRS16 impact

*Sum of segments revenue does not reconcile to total revenue due to eliminations

Pharmacy and distribution business overview

Country's largest retailer in terms of both, revenue and number of bills issued

Market share by revenue, 2018¹



Businesses major growth drivers

- › Expanding retail footprint
- › Enhancing retail margin (private label products)
- › New retail categories such as lab service and beauty
- › Growing wholesale revenue (such as hospital supplies)
- › Digital channels



Medium to long-term targets

- Double digit revenue CAGR
- 9%+ EBITDA margin

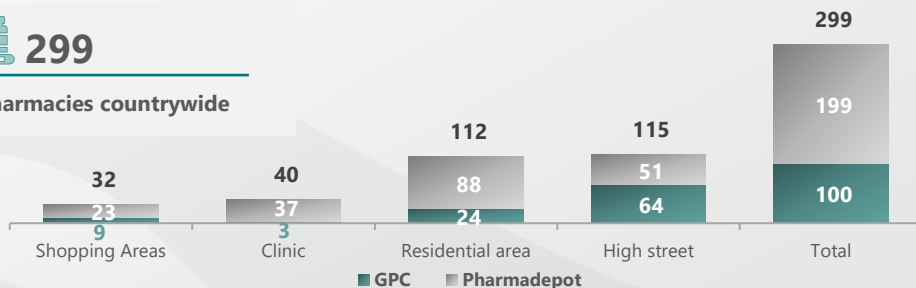
Operates under two pharmacy brands, each with a distinct positioning:

- › GPC for the high-end customer segment
- › Pharmadepot for the mass retail segment



299

Pharmacies countrywide



Note 1: Total market size 2018 – Frost & Sullivan analysis, revenue distribution between competitors represents managements estimates

Pharmacy and distribution business overview (cont'd)

Margin enhancement and strong growth in para-pharmacy sales

- Strong sales in para-pharmacy products of GEL 81.6 million in 1H20 (up 21.1% y-o-y), with 33.5% gross profit margin.
- Para-pharmacy sales have the strongest margins and the share of para-pharmacy sales in retail revenue reached 34.0% in 1H20 (30.3% in 1H19).



Cash flow highlights

GEL 33.4mln

+8.0% y-o-y
Operating cash flow¹

99.3%

-0.6 ppts y-o-y
EBITDA to cash conversion¹

GEL 33.0 mln

+7.5% y-o-y
Free cash flow¹

55 days

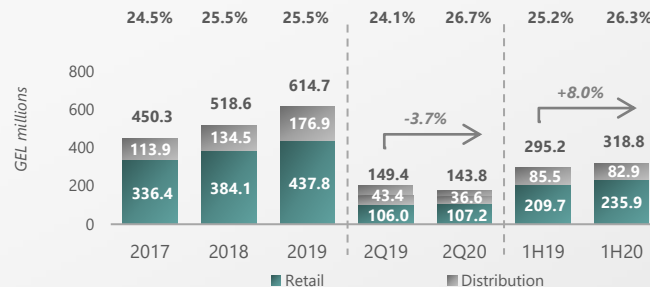
-9.4% y-o-y
Working capital cycle (days)

Note 1: Excluding IFRS16 impact

Performance track record

Revenue

Gross profit margin (%)

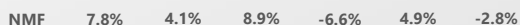


Number of pharmacies

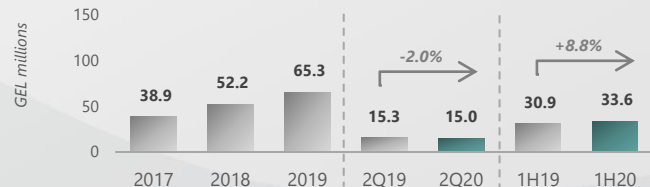
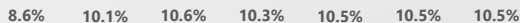


EBITDA¹

Operating leverage¹ (%)



EBITDA margin¹ (%)

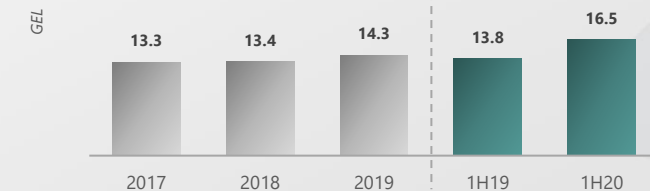


Average bill size & Number of bills issued

Number of bills issued, millions



Same store growth (%)

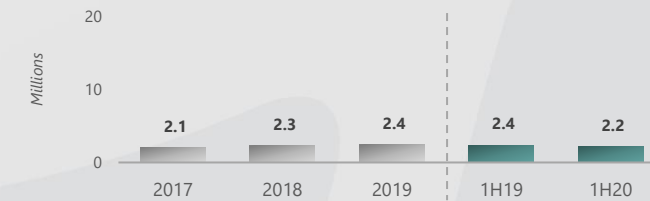


Customer interactions per month



c.0.8mln

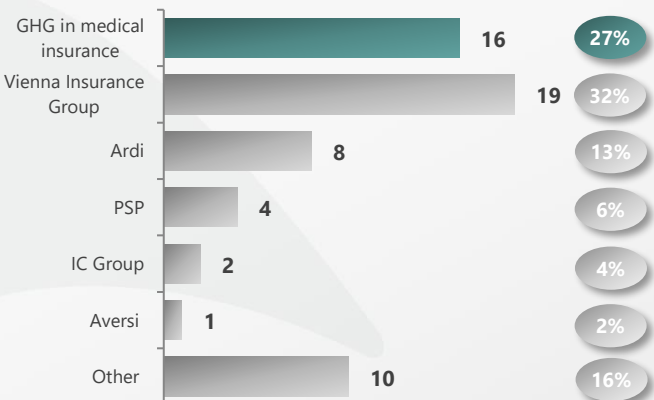
Loyal customers



Medical insurance business overview

Largest medical insurer in the country with 27.8%¹ market share Offering a variety of medical insurance products, with a wide distribution network to the Georgian population

Market share by gross premium revenue¹



c.175,000
Number of insured clients

Businesses major growth drivers

- Growing the number of insured clients
- Enhancing gross profit through the introduction of “fee business” (such as motor Casco distribution, motor Third Party Liability distribution)
- Increasing retention rates within the Group

Medium to long-term targets

- Increase contribution to the Group segments
- Combined ratio <97%



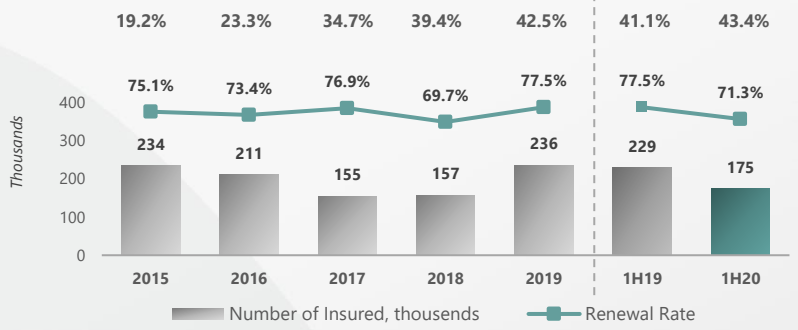
Note 1: ISSSG as of 31 March 2020

Medical insurance business overview (cont'd)

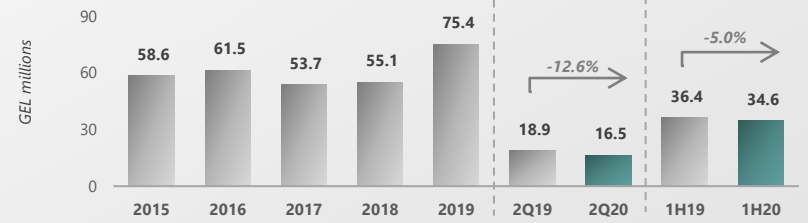
Performance track record

Number of Insured & Renewal rate

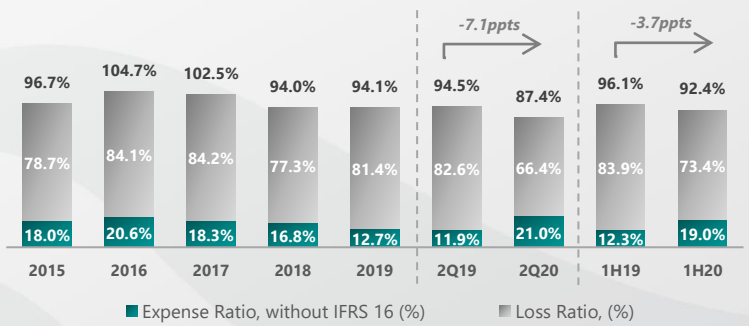
Retention rate within the Group (%)



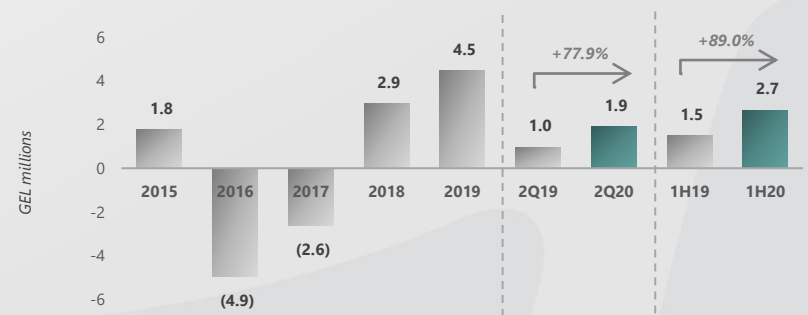
Revenue (Net insurance premiums earned)



Combined ratio¹



Net Profit¹



Note 1: Excluding IFRS16 impact

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Digital transformation

Taking healthcare beyond buildings

Successful implementation of almost all elements of the Healthcare Information System ("HIS") in all its healthcare facilities across the country:

Electronic Medical Records ("EMR"),

By full implementation of outpatient EMR, Clinics business has successfully removed 100% of papers in all its 15 polyclinics and 19 community clinics in the country.

Inpatient Medical Ordering System and EMR

Hospitals business successfully implemented electronic ordering in all its 18 facilities, eliminating significant paperwork in inpatient departments.

The full EMR is almost up and running in almost all our hospitals.

Picture Archiving and Communication System ("PACS")

All Tbilisi-based hospitals and polyclinics, both inpatient and outpatient, were successfully connected, integrating more than 100 pieces of radiology equipment.

Laboratory Information Management System ("LIMS")

"BioLab" LIMS has been fully integrated with our inpatient and outpatient EMR, ensuring fast and high-quality cooperation between healthcare facilities and the laboratory.



Increased level of cooperation among doctors and clinics in the entire network, and a significant overall improvement of the healthcare services quality

Core benefits seen from successful implementation of HIS

- › Increase in the outpatient (c.40%) and inpatient business throughput
- › Elimination of human errors and elimination of the loss of medical data or medical documents
- › Real-time record of the results of clinical and administrative work
- › Reduction of the time required for a comprehensive clinical review
- › Reduction of the cost (penalties and charges) related to clinical and regulatory risks
- › Daily financial and operating reports introduced in both inpatient and outpatient businesses
- › Development and effective implementation of clinical quality control functions in each and every hospital

A fully integrated digital healthcare platform

EKIMO – Health at your hand

Innovative, independent and fully integrated digital healthcare platform combining all components of primary healthcare doctors, clinics, laboratories, radiology units, retail pharmacies and medical insurance.

The platform is open for any healthcare service provider or health product seller in the country, and it is completely free of charge for patients/customers.

Since its launch, EKIMO has been joined by 1,047 doctors from 73 different clinics, half of which are independent, third-party clinics.

EKIMO Partner network

667 have online consultations too



1,047
Doctors



73
Clinics



c.300
Pharmacies

51,269

Registered users

33,991

Monthly active users

5,267

Monthly paying users



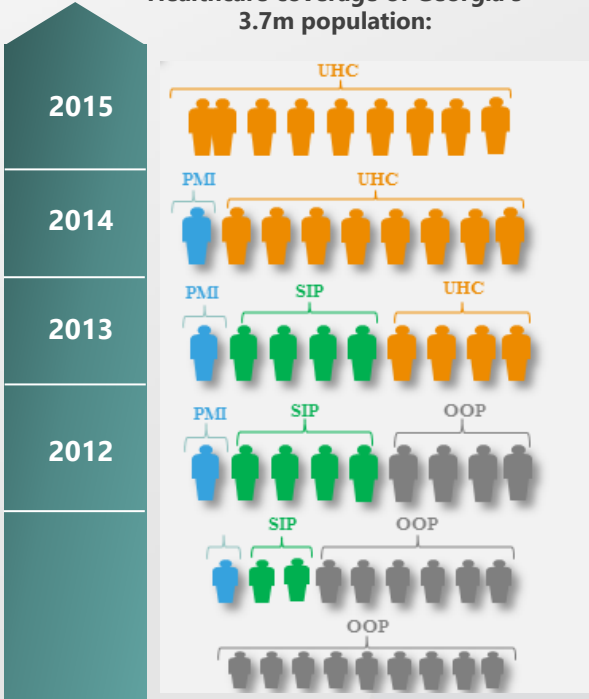
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Georgian healthcare market overview

<p>Overview</p>	<ul style="list-style-type: none"> ▪ UHC was introduced in February 2013 and replaced most of the previously existing state-funded medical insurance plans ▪ The main goal is to provide basic healthcare coverage to the entire population
<p>Financing and top-up mechanism</p>	<ul style="list-style-type: none"> ▪ UHC is fully financed by the government ▪ UHC doesn't reimburse 100% of costs in most cases, leaving substantial room for out-of-pocket payments by patients
<p>Beneficiaries and providers</p>	<ul style="list-style-type: none"> ▪ UHC beneficiaries may select any healthcare provider enrolled in the programme ▪ Actual prices charged to patients by healthcare providers are not regulated by the state ▪ Any provider, whether private or public, is eligible to participate in the programme

Healthcare coverage of Georgia's 3.7m population:



- OOP – out-of-pocket
 - UHC – Universal Healthcare Program
 - PMI – Private Medical Insurance
 - SIP – State Insurance Program
- PMI, UHC, SIP include co-payments

Georgia Capital 1H20 performance (adjusted IFRS10 accounts)

Income statement

GEL '000, unless otherwise noted	1H20	1H19	Change
Dividend income	4,927	55,667	-91.1%
Interest income	11,816	21,868	-46.0%
Realised / unrealised (loss)/ gain on liquid funds	(4,577)	5,297	NMF
Interest expense	(30,180)	(25,892)	16.6%
Gross operating (loss)/income	(18,014)	56,940	NMF
Operating expenses	(14,580)	(16,609)	-12.2%
GCAP net operating (loss)/income	(32,594)	40,331	NMF
Fair value changes of portfolio companies			
Listed portfolio companies	(297,745)	216,885	NMF
Of which, Georgia Healthcare Group PLC	(94,412)	141,081	NMF
Of which, Bank of Georgia Group PLC	(203,333)	75,804	NMF
Private portfolio companies	(189,918)	74,034	NMF
Late Stage	(87,574)	52,948	NMF
Of which, Water Utility	(46,064)	28,689	NMF
Of which, Housing Development	(21,958)	(6,626)	NMF
Of which, P&C Insurance	(19,552)	30,885	NMF
Early Stage	(85,851)	5,424	NMF
Of which, Renewable energy	32,720	-	NMF
Of which, Hospitality & Commercial Real Estate	(110,827)	7,087	NMF
Of which, Beverages	(32,091)	(1,663)	NMF
Of which, Education	24,347	-	NMF
Pipeline businesses	(16,493)	15,662	NMF
Of which, Auto Service	(14,908)	15,662	NMF
Of which, other	(1,585)	-	NMF
Total investment return	(487,663)	290,920	NMF
(Loss)/Income before foreign exchange movements and non-recurring expenses	(520,257)	331,251	NMF
Net foreign currency loss	(41,361)	(25,624)	61.4%
Non-recurring expenses	(3,222)	-	NMF
Net (loss)/Income	(564,840)	305,627	NMF

Reconciliation of adjusted IFRS10 accounts to IFRS

GEL '000, unless otherwise noted	Income statement (Adjusted IFRS10 accounts)	Adjustment	IFRS income statement
Dividend income	4,927	(4,927)	-
Interest income	11,816	(11,816)	-
Realised / unrealised (loss)/ gain on liquid funds	(4,577)	4,577	-
Interest expense	(30,180)	30,180	-
Gross operating (loss)/income	(18,014)	18,014	-
Operating expenses	(14,580)	10,890	(3,690)
GCAP net operating (loss)/income	(32,594)	28,904	(3,690)
Total investment return / gross investment loss	(487,663)	(62,929)	(550,592)
(Loss)/Income before foreign exchange movements and non-recurring expenses	(520,257)	(34,025)	(554,282)
Net foreign currency loss	(41,361)	41,165	(196)
Non-recurring expenses	(3,222)	3,222	-
Net (loss)/Income	(564,840)	10,362	(554,478)

GHG Consolidated financial highlights

Income statement

GEL thousands, unless otherwise noted

	1H20	1H19	Change	2Q20	2Q19	Change
Revenue, gross	474,522	472,872	0.3%	214,469	237,660	-9.8%
Corrections & rebates	(1,593)	(1,164)	36.9%	(636)	(605)	5.1%
Revenue, net	472,929	471,708	0.3%	213,833	237,055	-9.8%
Costs of services	(326,096)	(321,660)	1.4%	(146,393)	(163,163)	-10.3%
Cost of salaries and other employee benefits	(51,608)	(56,533)	-8.7%	(23,120)	(28,578)	-19.1%
Cost of materials and supplies	(26,325)	(24,477)	7.5%	(11,971)	(12,064)	-0.8%
Cost of medical service providers	(1,139)	(1,869)	-39.1%	(374)	(1,070)	-65.0%
Cost of utilities and other	(7,739)	(7,780)	-0.5%	(3,300)	(3,443)	-4.2%
Net insurance claims incurred	(19,863)	(23,440)	-15.3%	(8,647)	(11,812)	-26.8%
Agents, brokers and employee commissions	(1,196)	(1,415)	-15.5%	(551)	(646)	-14.7%
Cost of pharma – wholesale	(51,220)	(56,416)	-9.2%	(22,709)	(29,184)	-22.2%
Cost of pharma - retail	(167,006)	(149,730)	11.5%	(75,721)	(76,366)	-0.8%
Gross profit	146,833	150,048	-2.1%	67,440	73,892	-8.7%
Salaries and other employee benefits	(49,589)	(47,317)	4.8%	(24,123)	(23,922)	0.8%
General and administrative expenses	(21,753)	(19,710)	10.4%	(10,090)	(10,030)	0.6%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(33,023)</i>	<i>(30,097)</i>	<i>9.7%</i>	<i>(15,364)</i>	<i>(15,290)</i>	<i>0.5%</i>
Impairment of receivables	(3,310)	(2,312)	43.2%	(1,995)	(1,140)	75.0%
Other operating income	1,658	4,454	-62.8%	333	3,826	-91.3%
EBITDA	73,839	85,163	-13.3%	31,565	42,626	-25.9%
EBITDA excluding IFRS 16	62,569	74,776	-16.3%	26,291	37,365	-29.6%
EBITDA margin excluding IFRS 16	13.2%	15.8%	-2.6ppts	12.3%	15.7%	-3.5ppts
Depreciation and amortization	(29,185)	(26,809)	8.9%	(14,686)	(13,633)	7.7%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(19,561)</i>	<i>(17,654)</i>	<i>10.8%</i>	<i>(9,844)</i>	<i>(8,975)</i>	<i>9.7%</i>
Net interest income (expense)	(24,490)	(23,353)	4.9%	(11,864)	(11,715)	1.3%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(21,385)</i>	<i>(20,702)</i>	<i>3.3%</i>	<i>(10,279)</i>	<i>(10,341)</i>	<i>-0.6%</i>
Net gains/(losses) from foreign currencies	(10,424)	(8,995)	15.9%	11,477	(8,846)	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(6,393)</i>	<i>(4,244)</i>	<i>50.6%</i>	<i>7,086</i>	<i>(4,388)</i>	<i>NMF</i>
Net non-recurring income/(expense)	(2,334)	(527)	NMF	(1,567)	(371)	NMF
Profit before income tax expense	7,406	25,479	-70.9%	14,925	8,062	85.1%
Income tax benefit/(expense)	(1,548)	(357)	NMF	(398)	(272)	46.3%
Profit for the period	5,858	25,122	-76.7%	14,527	7,790	86.5%
Attributable to:						
- shareholders of the Company	(1,932)	15,571	NMF	7,732	4,256	81.7%
- non-controlling interests	7,790	9,551	-18.4%	6,795	3,534	92.3%
Profit for the period excluding IFRS 16	11,348	31,292	-63.7%	11,289	13,019	-13.3%
Attributable to:						
- shareholders of the Company	2,079	20,278	-89.7%	5,443	8,281	-34.3%
- non-controlling interests	9,269	11,014	-15.8%	5,846	4,738	23.4%

GHG Consolidated financial highlights (cont'd)

Statement of cash flow

<i>GEL thousands, unless otherwise noted</i>	1H20	1H19	Change	2Q20	2Q19	Change
Cash flows from / (used in) operating activities						
Revenue received	499,674	451,829	10.6%	239,602	233,963	2.4%
Cost of services paid	(321,039)	(318,412)	0.8%	(146,883)	(163,308)	-10.1%
Gross profit received	178,635	133,417	33.9%	92,718	70,655	31.2%
Salaries paid	(52,825)	(47,439)	11.4%	(30,287)	(25,263)	19.9%
General and administrative expenses paid	(22,294)	(20,432)	9.1%	(9,425)	(10,297)	-8.5%
General and administrative expenses paid, excluding IFRS 16	(33,564)	(30,984)	8.3%	(14,699)	(15,881)	-7.4%
Other operating income/(expense) and tax paid	(612)	370	NMF	(458)	(468)	-2.1%
Net cash flows from operating activities before income tax	102,904	65,916	56.1%	52,548	34,627	51.8%
Income tax paid	(1,636)	(194)	NMF	(469)	(108)	NMF
Net cash flows from operating activities	101,268	65,722	54.1%	52,079	34,519	50.9%
Net cash flows from operating activities, excluding IFRS 16	89,998	55,170	63.1%	46,805	28,935	61.8%
Cash flows from / (used in) investing activities						
Cash outflow on Capex	(16,245)	(20,665)	-21.4%	(6,502)	(11,160)	-41.7%
Acquisition of subsidiaries/payments of holdback	(5,445)	(6,101)	-10.8%	-	(877)	NMF
Interest income received	1,675	1,243	34.8%	1,259	917	37.3%
Other investing activities	1,034	3,516	-70.6%	860	3,249	-73.5%
Net cash flow used in investing activities	(18,981)	(22,007)	-13.8%	(4,383)	(7,871)	-44.3%
Cash flows from / (used in) financing activities						
Payment of dividends to minorities	(6,036)	(4,950)	21.9%	(2,316)	(1,980)	17.0%
Purchase of treasury shares	(1,452)	(1,582)	-8.2%	(1,452)	(1,272)	14.2%
Payment of finance lease liabilities	(8,165)	(7,949)	2.7%	(3,689)	(4,248)	-13.2%
Interest expense paid on finance lease	(3,105)	(2,603)	19.3%	(1,585)	(1,336)	18.6%
Increase/(decrease) in borrowings	32,633	(29,094)	NMF	16,602	(8,083)	NMF
Interest expense paid	(10,271)	(18,297)	-43.9%	(3,175)	(10,192)	-68.9%
Net cash flows (used in)/from financing activities	3,604	(64,475)	NMF	4,385	(27,111)	NMF
Net cash flows (used in)/from financing activities, excluding IFRS 16	14,874	(53,923)	NMF	9,659	(21,527)	NMF
Effect of exchange rates changes on cash and cash equivalents	2,142	6	NMF	(205)	74	NMF
Net increase/(decrease) in cash and cash equivalents	88,033	(20,754)	NMF	51,875	(388)	NMF
Cash and bank deposits, beginning	32,005	47,961	-33.3%	68,163	27,595	147.0%
Cash and bank deposits, ending	120,039	27,207	NMF	120,039	27,207	NMF

Balance sheet

<i>GEL thousands, unless otherwise noted</i>	Jun-20	Dec-19	Change	Jun-19	Change
Total assets, of which:	1,428,717	1,351,207	5.7%	1,329,411	7.5%
Cash and bank deposits	120,039	32,005	NMF	27,207	NMF
Receivables from healthcare services	99,183	130,212	-23.8%	124,050	-20.0%
Receivables from sale of pharmaceuticals	16,951	17,508	-3.2%	18,808	-9.9%
Insurance premiums receivable	34,675	26,892	28.9%	44,737	-22.5%
Property and equipment	663,405	671,658	-1.2%	672,785	-1.4%
Right of use assets	77,764	84,115	-7.6%	79,908	-2.7%
Goodwill and other intangible assets	165,786	162,247	2.2%	156,042	6.2%
Inventory	188,606	174,462	8.1%	157,132	20.0%
Prepayments	16,122	12,289	31.2%	14,156	13.9%
Other assets	46,186	39,819	16.0%	34,586	33.5%
<i>Of which, securities</i>	<i>4,431</i>	<i>-</i>	<i>NMF</i>	<i>-</i>	<i>NMF</i>
Total liabilities, of which:	835,192	748,933	11.5%	757,709	10.2%
Borrowed Funds	414,540	363,585	14.0%	368,895	12.4%
Accounts payable	144,975	128,700	12.6%	119,784	21.0%
Insurance contract liabilities	33,704	25,489	32.2%	43,160	-21.9%
Finance lease liabilities, of which:	89,739	90,791	-1.2%	85,942	4.4%
<i>IFRS 16 impact</i>	<i>81,063</i>	<i>82,115</i>	<i>-1.3%</i>	<i>77,266</i>	<i>4.9%</i>
Other liabilities	152,234	140,368	8.5%	139,928	8.8%
Total shareholders' equity attributable to:	593,525	602,274	-1.5%	571,702	3.8%
<i>Shareholders of the Company</i>	<i>521,702</i>	<i>530,899</i>	<i>-1.7%</i>	<i>502,640</i>	<i>3.8%</i>
<i>Non-controlling interest</i>	<i>71,823</i>	<i>71,375</i>	<i>0.6%</i>	<i>69,062</i>	<i>4.0%</i>

Healthcare services business financial highlights (cont'd)

Income statement

	Hospitals			Clinics			Diagnostics			Eliminations			Total		
<i>GEL thousands, unless otherwise noted</i>	1H20	1H19	Change	1H20	1H19	Change	1H20	1H19	Change	1H20	1H19	Change	1H20	1H19	Change
Revenue, gross	126,720	148,992	-14.9%	21,461	21,984	-2.4%	3,447	2,285	50.9%	(3,211)	(2,143)		148,417	171,118	-13.3%
Corrections & rebates	(1,370)	(994)	37.8%	(223)	(170)	31.2%	-	-	-	-	-	-	(1,593)	(1,164)	36.9%
Revenue, net	125,350	147,998	-15.3%	21,238	21,814	-2.6%	3,447	2,285	50.9%	(3,211)	(2,143)		146,824	169,954	-13.6%
Costs of services	(79,250)	(85,661)	-7.5%	(11,865)	(12,467)	-4.8%	(3,090)	(1,605)	92.5%	3,213	1,810		(90,992)	(97,923)	-7.1%
Cost of salaries and other employee benefits	(45,367)	(51,430)	-11.8%	(7,306)	(7,632)	-4.3%	(770)	(549)	40.3%	-	-	-	(53,443)	(59,611)	-10.3%
Cost of materials and supplies	(24,793)	(25,300)	-2.0%	(1,397)	(1,398)	-0.1%	(2,051)	(821)	NMF	-	(329)	-	(28,241)	(27,848)	1.4%
Cost of medical service providers	(2,429)	(2,107)	15.3%	(1,788)	(2,247)	-20.4%	(50)	(46)	8.7%	2,981	2,133	-	(1,286)	(2,267)	-43.3%
Cost of utilities and other	(6,661)	(6,824)	-2.4%	(1,374)	(1,190)	15.5%	(219)	(189)	15.9%	232	6	-	(8,022)	(8,197)	-2.1%
Gross profit	46,100	62,337	-26.0%	9,373	9,347	0.3%	357	680	-47.5%	2	(333)		55,832	72,031	-22.5%
Salaries and other employee benefits	(16,606)	(16,109)	3.1%	(3,925)	(3,539)	10.9%	(454)	(515)	-11.8%	-	-	-	(20,985)	(20,163)	4.1%
General and administrative expenses	(6,192)	(6,989)	-11.4%	(1,654)	(1,419)	16.6%	(122)	(149)	-18.1%	25	(51)	-	(7,943)	(8,608)	-7.7%
<i>G&A excl. IFRS 16</i>	(6,371)	(7,288)	-12.6%	(2,232)	(2,174)	2.7%	(122)	(160)	-23.8%	25	(51)	-	(8,700)	(9,673)	-10.1%
Impairment of receivables	(2,137)	(2,265)	-5.7%	(55)	(90)	-38.9%	-	(4)	NMF	-	-	-	(2,192)	(2,359)	-7.1%
Other operating income	1,470	1,327	10.8%	445	439	1.4%	100	96	4.2%	(52)	404	-	1,963	2,266	-13.4%
EBITDA	22,635	38,301	-40.9%	4,184	4,738	-11.7%	(119)	108	NMF	(25)	20		26,675	43,167	-38.2%
EBITDA excluding IFRS 16	22,456	38,002	-40.9%	3,606	3,983	-9.5%	(119)	97	NMF	(25)	20		25,918	42,102	-38.4%
EBITDA margin excluding IFRS 16	17.7%	25.5%	-7.8ppts	16.8%	18.1%	-1.3ppts	-3.5%	4.2%	-7.7ppts				17.5%	24.6%	-7.1ppts
Depreciation and amortization	(14,763)	(13,599)	8.6%	(3,558)	(3,290)	8.1%	(63)	(132)	-52.3%	-	-	-	(18,384)	(17,021)	8.0%
<i>Depreciation and amortization excl. IFRS 16</i>	(14,384)	(13,244)	8.6%	(2,834)	(2,485)	14.0%	(63)	(119)	-47.1%	-	-	-	(17,281)	(15,848)	9.0%
Net interest income (expense)	(14,060)	(13,233)	6.2%	(2,594)	(2,212)	17.3%	(233)	(1)	NMF	-	-	-	(16,887)	(15,446)	9.3%
<i>Net interest income (expense) excl. IFRS 16</i>	(13,975)	(13,168)	6.1%	(2,331)	(1,955)	19.2%	(233)	-	NMF	-	-	-	(16,539)	(15,123)	9.4%
Net gains/(losses) from foreign currencies	(1,924)	(1,552)	24.0%	(176)	(895)	-80.3%	(3)	(20)	-85.0%	-	-	-	(2,103)	(2,467)	-14.8%
<i>Net gains/(losses) from FX excl. IFRS 16</i>	(1,848)	(1,145)	61.4%	16	(62)	NMF	(3)	(20)	-85.0%	-	-	-	(1,835)	(1,227)	49.6%
Net non-recurring income/(expense)	(2,007)	(392)	NMF	(97)	(67)	44.8%	-	(5)	NMF	-	-	-	(2,104)	(464)	NMF
Profit before income tax expense	(10,119)	9,525	NMF	(2,241)	(1,726)	-29.8%	(418)	(50)	NMF	(25)	20		(12,803)	7,769	NMF
Profit for the period	(10,119)	9,525	NMF	(2,241)	(1,726)	-29.8%	(418)	(50)	NMF	(25)	20		(12,803)	7,769	NMF
Attributable to:															
<i>- shareholders of the Company</i>	(10,521)	6,754	NMF	(2,288)	(1,760)	-30.0%	(418)	(50)	NMF	(25)	20	-	(13,252)	4,964	NMF
<i>- non-controlling interests</i>	402	2,771	-85.5%	47	34	38.2%	-	-	-	-	-	-	449	2,805	-84.0%
Profit for the period excluding IFRS 16	(9,758)	10,053	NMF	(1,640)	(586)	NMF	(418)	(47)	NMF	(25)	20		(11,841)	9,440	NMF
Attributable to:															
<i>- shareholders of the Company</i>	(10,160)	7,282	NMF	(1,687)	(620)	NMF	(418)	(47)	NMF	(25)	20	-	(12,290)	6,635	NMF
<i>- non-controlling interests</i>	402	2,771	-85.5%	47	34	38.2%	-	-	NMF	-	-	-	449	2,805	-84.0%

Healthcare services business financial highlights (cont'd)

Income statement

	Hospitals			Clinics			Diagnostics			Eliminations			Total		
<i>GEL thousands, unless otherwise noted</i>	2Q20	2Q19	Change	2Q20	2Q19	Change	2Q20	2Q19	Change	2Q20	2Q19	Change	2Q20	2Q19	Change
Revenue, gross	55,901	74,218		9,321	10,877	-14.3%	1,781	1,131	57.5%	(1,523)	(906)		65,480	85,320	-23.3%
Corrections & rebates	(521)	(532)	-2.1%	(115)	(73)	57.5%	-	-	-	-	-		(636)	(605)	5.1%
Revenue, net	55,380	73,686	-24.8%	9,206	10,804	-14.8%	1,781	1,131	57.5%	(1,523)	(906)		64,844	84,715	-23.5%
Costs of services	(35,502)	(42,640)	-16.7%	(5,093)	(6,223)	-18.2%	(1,476)	(774)	90.7%	1,555	573		(40,516)	(49,064)	-17.4%
Cost of salaries and other employee benefits	(20,285)	(26,189)	-22.5%	(3,195)	(3,789)	-15.7%	(367)	(260)	41.2%	-	-		(23,847)	(30,238)	-21.1%
Cost of materials and supplies	(11,198)	(12,281)	-8.8%	(650)	(721)	-9.8%	(983)	(428)	NMF	-	(329)		(12,831)	(13,759)	-6.7%
Cost of medical service providers	(1,066)	(1,095)	-2.6%	(780)	(1,183)	-34.1%	(40)	(45)	-11.1%	1,454	896		(432)	(1,427)	-69.7%
Cost of utilities and other	(2,953)	(3,075)	-4.0%	(468)	(530)	-11.7%	(86)	(41)	NMF	101	6		(3,406)	(3,640)	-6.4%
Gross profit	19,878	31,046	-36.0%	4,113	4,581	-10.2%	305	357	-14.6%	32	(333)		24,328	35,651	-31.8%
Salaries and other employee benefits	(8,316)	(8,157)	2.0%	(1,963)	(1,783)	10.1%	(295)	(281)	5.1%	-	-		(10,574)	(10,220)	3.5%
General and administrative expenses	(3,149)	(3,741)	-15.8%	(719)	(791)	-9.1%	(30)	(71)	-57.7%	7	(51)		(3,891)	(4,654)	-16.4%
G&A excl. IFRS 16	(3,203)	(3,861)	-17.0%	(981)	(1,092)	-10.2%	(30)	(76)	-60.6%	7	(51)		(4,207)	(5,080)	-17.2%
Impairment of receivables	(984)	(1,128)	-12.8%	(35)	(15)	NMF	-	-	NMF	-	-		(1,019)	(1,143)	-10.8%
Other operating income	333	940	-64.6%	87	216	-59.7%	47	49	-4.1%	(18)	404		449	1,609	-72.1%
EBITDA	7,762	18,960	-59.1%	1,483	2,208	-32.8%	27	54	-50.3%	21	20		9,293	21,243	-56.3%
EBITDA excluding IFRS 16	7,708	18,840	-59.1%	1,221	1,907	-36.0%	27	49	-45.0%	21	20		8,977	20,816	-56.9%
EBITDA margin excluding IFRS 16	13.8%	25.4%	-11.6ppts	13.1%	17.5%	-4.4ppts	1.5%	4.3%	-2.8ppts	-	-		13.7%	24.4%	-10.7ppts
Depreciation and amortization	(7,433)	(6,920)	7.4%	(1,771)	(1,664)	6.4%	(34)	(67)	-49.3%	-	-		(9,238)	(8,652)	6.8%
Depreciation and amortization excl. IFRS 16	(7,232)	(6,728)	7.5%	(1,409)	(1,257)	12.1%	(34)	(60)	-43.4%	-	-		(8,675)	(8,046)	7.8%
Net interest income (expense)	(6,767)	(6,620)	2.2%	(1,294)	(1,126)	14.9%	(118)	(1)	NMF	-	-		(8,179)	(7,747)	5.6%
Net interest income (expense) excl. IFRS 16	(6,720)	(6,586)	2.0%	(1,155)	(998)	15.7%	(118)	-	NMF	-	-		(7,993)	(7,584)	5.4%
Net gains/(losses) from foreign currencies	2,327	(1,437)	NMF	649	(834)	NMF	-	(14)	NMF	-	-		2,976	(2,286)	NMF
Net gains/(losses) from FX excl. IFRS 16	2,219	(1,052)	NMF	(9)	(35)	-74.4%	-	(14)	NMF	-	-		2,210	(1,102)	NMF
Net non-recurring income/(expense)	(1,374)	(288)	NMF	(20)	(15)	33.3%	-	-	NMF	-	-		(1,394)	(303)	NMF
Profit before income tax expense	(5,485)	3,696	NMF	(953)	(1,432)	-33.4%	(125)	(28)	NMF	21	20		(6,542)	2,256	NMF
Profit for the period	(5,485)	3,696	NMF	(953)	(1,432)	-33.4%	(125)	(28)	NMF	21	20		(6,542)	2,256	NMF
Attributable to:															
- shareholders of the Company	(5,480)	2,437	NMF	(961)	(1,446)	-33.5%	(125)	(28)	NMF	21	20		(6,545)	983	NMF
- non-controlling interests	(5)	1,259	NMF	8	14	-42.9%	-	-	NMF	-	-		3	1,273	-99.8%
Profit for the period excluding IFRS 16	(5,399)	4,186	NMF	(1,372)	(398)	NMF	(125)	(26)	NMF	21	20		(6,875)	3,782	NMF
Attributable to:															
- shareholders of the Company	(5,394)	2,927	NMF	(1,380)	(412)	NMF	(125)	(26)	NMF	21	20		(6,878)	2,509	NMF
- non-controlling interests	(5)	1,259	NMF	8	14	-42.9%	-	-	NMF	-	-		3	1,273	-99.8%

Healthcare services business financial highlights (cont'd)

Statement of cash flow

GEL thousands, unless otherwise noted

	1H20	1H19	Change	2Q20	2Q19	Change
Cash flows from / (used in) operating activities						
Revenue received	175,530	160,951	9.1%	84,663	79,494	6.5%
Cost of services paid	(87,266)	(112,120)	-22.2%	(45,754)	(56,038)	-18.4%
Gross profit received	88,264	48,831	80.8%	38,909	23,455	65.9%
Salaries paid	(22,520)	(18,534)	21.5%	(13,015)	(8,386)	55.2%
General and administrative expenses paid	(10,832)	(8,001)	35.4%	(4,365)	(4,036)	8.1%
General and administrative expenses paid, excluding IFRS 16	(11,589)	(9,069)	27.8%	(4,681)	(4,623)	1.2%
Other operating income/(expense) and tax paid	(499)	59	NMF	(445)	(1,252)	-64.4%
Net cash flows from operating activities before income tax	54,413	22,355	143.4%	21,084	9,781	115.6%
Income tax paid	(43)	(129)	-66.7%	(43)	(109)	-60.4%
Net cash flows from operating activities	54,370	22,226	144.6%	21,041	9,673	117.5%
Net cash flows from operating activities, excluding IFRS 16	53,613	21,158	153.4%	20,725	9,086	128.1%
Cash flows from / (used in) investing activities						
Cash outflow on Capex	(13,689)	(17,383)	-21.3%	(5,472)	(9,345)	-41.4%
Acquisition of subsidiaries/payments of holdback	(5,445)	(6,101)	-10.8%	-	(877)	NMF
Interest income received	142	532	-73.3%	95	472	-79.9%
Dividends and intersegment loans issued/received	(1,286)	12,103	NMF	(8,444)	6,273	NMF
Net cash flow used in investing activities	(20,278)	(10,849)	86.9%	(13,821)	(3,477)	NMF
Cash flows from / (used in) financing activities						
Purchase of treasury shares	(1,024)	(1,194)	-14.2%	(1,024)	(884)	15.8%
Payment of finance lease liabilities	(409)	(745)	-45.1%	(130)	(424)	-69.3%
Interest expense paid on finance lease	(348)	(323)	7.7%	(186)	(163)	13.9%
Increase/(decrease) in borrowings	10,447	(7,510)	NMF	16,847	(177)	NMF
Interest expense paid	(8,856)	(16,475)	-46.2%	(2,200)	(9,384)	-76.6%
Net cash flows (used in)/from financing activities	(190)	(26,247)	-99.3%	13,307	(11,032)	NMF
Net cash flows (used in)/from financing activities, excluding IFRS 16	567	(25,179)	NMF	13,623	(10,446)	NMF
Effect of exchange rates changes on cash and cash equivalents	408	(146)	NMF	198	(91)	NMF
Net increase/(decrease) in cash and cash equivalents	34,310	(15,016)	NMF	20,725	(4,928)	NMF
Cash and bank deposits, beginning	7,648	18,293	-58.2%	21,233	8,205	158.8%
Cash and bank deposits, ending	41,958	3,277	NMF	41,958	3,277	NMF

Balance sheet

GEL thousands, unless otherwise noted

	Jun-20	Dec-19	Change	Jun-19	Change
Total assets, of which:	960,076	953,874	0.7%	928,668	3.4%
Cash and bank deposits	41,958	7,648	NMF	3,277	NMF
Receivables from healthcare services	108,671	140,861	-22.9%	132,284	-17.9%
Property and equipment	613,727	621,443	-1.2%	627,024	-2.1%
Right of use assets	10,064	11,369	-11.5%	10,226	-1.6%
Goodwill and other intangible assets	107,772	104,222	3.4%	98,224	9.7%
Inventory	18,771	19,387	-3.2%	18,319	2.5%
Prepayments	9,724	7,937	22.5%	6,873	41.5%
Other assets	49,389	41,007	20.4%	32,440	52.2%
<i>Of which, securities and intercompany loans</i>	<i>3,618</i>	<i>-</i>	<i>NMF</i>	<i>-</i>	<i>NMF</i>
Total liabilities, of which:	495,606	472,675	4.9%	460,148	7.7%
Borrowed Funds	304,060	291,239	4.4%	289,368	5.1%
Accounts payable	46,004	45,754	0.5%	37,087	24.0%
Other liabilities	145,542	135,682	7.3%	133,692	8.9%
Total shareholders' equity attributable to:	464,470	481,199	-3.5%	468,521	-0.9%
Shareholders of the Company	392,247	409,424	-4.2%	399,059	-1.7%
Non-controlling interest	72,223	71,775	0.6%	69,462	4.0%

Pharmacy and distribution business financial highlights

Income statement

<i>GEL thousands, unless otherwise noted</i>	1H20	1H19	Change	2Q20	2Q19	Change
Revenue	318,840	295,193	8.0%	143,811	149,414	-3.7%
Costs of services	(235,122)	(220,944)	6.4%	(105,378)	(113,463)	-7.1%
Cost of pharma – wholesale	(68,116)	(71,214)	-4.4%	(29,657)	(37,097)	-20.1%
Cost of pharma - retail	(167,006)	(149,730)	11.5%	(75,721)	(76,366)	-0.8%
Gross profit	83,718	74,249	12.8%	38,433	35,951	6.9%
Salaries and other employee benefits	(27,324)	(25,244)	8.2%	(12,545)	(12,580)	-0.3%
General and administrative expenses	(12,264)	(10,653)	15.1%	(5,685)	(5,146)	10.5%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(22,574)</i>	<i>(19,794)</i>	<i>14.0%</i>	<i>(10,550)</i>	<i>(9,885)</i>	<i>6.7%</i>
Impairment of receivables	(343)	(179)	91.6%	(342)	(121)	NMF
Other operating income	151	1,876	-92.0%	46	1,982	-97.7%
EBITDA	43,938	40,049	9.7%	19,907	20,086	-0.9%
EBITDA excluding IFRS 16	33,628	30,908	8.8%	15,042	15,347	-2.0%
EBITDA margin excluding IFRS 16	10.5%	10.5%	NMF	10.5%	10.3%	0.2ppts
Depreciation and amortization	(10,226)	(9,240)	10.7%	(5,153)	(4,702)	9.6%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(1,887)</i>	<i>(1,426)</i>	<i>32.3%</i>	<i>(964)</i>	<i>(738)</i>	<i>30.6%</i>
Net interest income (expense)	(8,367)	(8,193)	2.1%	(4,088)	(4,141)	-1.3%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(5,639)</i>	<i>(5,892)</i>	<i>-4.3%</i>	<i>(2,703)</i>	<i>(2,943)</i>	<i>-8.2%</i>
Net gains/(losses) from foreign currencies	(8,289)	(6,546)	26.6%	8,460	(6,519)	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(4,566)</i>	<i>(3,088)</i>	<i>47.9%</i>	<i>4,874</i>	<i>(3,294)</i>	<i>NMF</i>
Net non-recurring income/(expense)	(72)	(62)	16.1%	(15)	(68)	-77.9%
Profit before income tax expense	16,984	16,008	6.1%	19,111	4,656	NMF
Income tax benefit/(expense)	(945)	(69)	NMF	-	(69)	NMF
Profit for the period	16,039	15,939	0.6%	19,111	4,587	NMF
Attributable to:						
- shareholders of the Company	8,698	9,193	-5.4%	12,319	2,326	NMF
- non-controlling interests	7,341	6,746	8.8%	6,792	2,261	NMF
Profit for the period excluding IFRS 16	20,519	20,371	0.7%	16,234	8,235	97.1%
Attributable to:						
- shareholders of the Company	11,699	12,162	-3.8%	10,391	4,770	NMF
- non-controlling interests	8,820	8,209	7.4%	5,843	3,465	68.6%

Pharmacy and distribution business financial highlights (cont'd)

Statement of cash flow

GEL thousands, unless otherwise noted

	1H20	1H19	Change	2Q20	2Q19	Change
Cash flows from / (used in) operating activities						
Revenue received	312,119	279,962	11.5%	148,374	147,100	0.9%
Cost of services paid	(231,608)	(203,598)	13.8%	(100,025)	(105,623)	-5.3%
Gross profit received	80,511	76,364	5.4%	48,349	41,476	16.6%
Salaries paid	(25,482)	(24,516)	3.9%	(14,216)	(13,992)	1.6%
General and administrative expenses paid	(10,386)	(11,588)	-10.4%	(4,693)	(5,770)	-18.7%
General and administrative expenses paid, excluding IFRS 16	(20,696)	(20,891)	-0.9%	(9,558)	(10,671)	-10.4%
Other operating income/(expense) and tax paid	(494)	-	NMF	(75)	635	NMF
Net cash flows from operating activities before income tax	44,149	40,260	9.7%	29,365	22,349	31.4%
Income tax paid	(463)	(65)	NMF	(196)	-	NMF
Net cash flows from operating activities	43,686	40,195	8.7%	29,169	22,349	30.5%
Net cash flows from operating activities, excluding IFRS 16	33,376	30,892	8.0%	24,304	17,449	39.3%
Cash flows from / (used in) investing activities						
Cash outflow on Capex	(2,384)	(3,253)	-26.7%	(933)	(1,815)	-48.6%
Interest income received	1,120	13	NMF	851	5	NMF
Intersegment loans issued proceeds from other investing activities	846	3,000	-71.8%	8	6,526	-99.9%
Net cash flow used in investing activities	(418)	(240)	74.2%	(74)	4,716	NMF
Cash flows from / (used in) financing activities						
Payment of dividends	(18,833)	(15,000)	25.6%	(7,341)	(6,000)	22.4%
Purchase of treasury shares	(273)	(245)	11.4%	(273)	(245)	11.4%
Payment of finance lease liabilities	(7,582)	(7,050)	7.5%	(3,480)	(3,750)	-7.2%
Interest expense paid on finance lease	(2,728)	(2,253)	21.1%	(1,385)	(1,150)	20.4%
Increase/(decrease) in borrowings	35,910	(21,514)	NMF	15,078	(12,836)	NMF
Interest expense paid	(2,031)	(1,645)	23.5%	(1,263)	(811)	55.6%
Net cash flows (used in)/from financing activities	4,463	(47,707)	NMF	1,336	(24,793)	NMF
Net cash flows (used in)/from financing activities, excluding IFRS 16	14,773	(38,404)	NMF	6,201	(19,893)	NMF
Effect of exchange rates changes on cash and cash equivalents	1,292	149	NMF	(467)	162	NMF
Net increase/(decrease) in cash and cash equivalents	49,023	(7,603)	NMF	29,964	2,435	NMF
Cash and bank deposits, beginning	7,774	17,305	-55.1%	26,833	7,267	NMF
Cash and bank deposits, ending	56,797	9,702	NMF	56,797	9,702	NMF

Balance sheet

GEL thousands, unless otherwise noted

	Jun-20	Dec-19	Change	Jun-19	Change
Total assets, of which:	454,006	396,078	14.6%	359,342	26.3%
Cash and bank deposits	56,797	7,774	NMF	9,702	NMF
Receivables from sale of pharmaceuticals	43,099	40,157	7.3%	33,820	27.4%
Property and equipment	34,788	35,161	-1.1%	30,604	13.7%
Right of use assets	67,097	72,149	-7.0%	68,902	-2.6%
Goodwill and other intangible assets	52,620	52,506	0.2%	52,329	0.6%
Inventory	169,637	155,075	9.4%	138,813	22.2%
Prepayments	5,296	3,832	38.2%	6,578	-19.5%
Other assets	24,672	29,424	-16.2%	18,593	32.7%
<i>Of which, securities and intercompany loans</i>	<i>12,327</i>	<i>12,167</i>	<i>1.3%</i>	<i>2,495</i>	<i>NMF</i>
Total liabilities, of which:	355,204	303,240	17.1%	284,416	24.9%
Borrowed Funds	120,751	84,712	42.5%	79,489	51.9%
Accounts payable	129,343	110,690	16.9%	100,349	28.9%
Other liabilities	105,110	107,838	-2.5%	104,579	0.5%
Total shareholders' equity	98,802	92,838	6.4%	74,925	31.9%

Medical insurance business financial highlights

Income statement

<i>GEL thousands, unless otherwise noted</i>	1H20	1H19	Change	2Q20	2Q19	Change
Revenue	34,559	36,366	-5.0%	16,491	18,873	-12.6%
Costs of services	(26,571)	(31,916)	-16.7%	(11,506)	(16,233)	-29.1%
Net insurance claims incurred	(25,375)	(30,501)	-16.8%	(10,955)	(15,587)	-29.7%
Agents, brokers and employee commissions	(1,196)	(1,415)	-15.5%	(551)	(646)	-14.7%
Gross profit	7,988	4,450	79.5%	4,985	2,640	88.8%
Salaries and other employee benefits	(2,778)	(2,106)	31.9%	(1,551)	(1,189)	30.4%
General and administrative expenses	(817)	(728)	12.2%	(300)	(373)	-19.6%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(1,020)</i>	<i>(909)</i>	<i>12.2%</i>	<i>(393)</i>	<i>(469)</i>	<i>-16.2%</i>
Impairment of receivables	(1,044)	(217)	NMF	(734)	(114)	NMF
Other operating income	(122)	567	NMF	(32)	355	NMF
EBITDA	3,227	1,966	64.1%	2,368	1,319	79.5%
EBITDA excluding IFRS 16	3,024	1,785	69.4%	2,275	1,223	86.0%
EBITDA margin excluding IFRS 16	8.8%	4.9%	3.8ppts	13.8%	6.5%	7.3ppts
Depreciation and amortization	(576)	(548)	5.1%	(295)	(279)	5.7%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(394)</i>	<i>(380)</i>	<i>3.7%</i>	<i>(205)</i>	<i>(191)</i>	<i>7.3%</i>
Net interest income (expense)	764	286	NMF	403	173	NMF
<i>Net interest income (expense) excluding IFRS 16</i>	<i>793</i>	<i>313</i>	<i>NMF</i>	<i>417</i>	<i>186</i>	<i>NMF</i>
Net gains/(losses) from foreign currencies	(32)	18	NMF	41	(41)	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>8</i>	<i>71</i>	<i>-88.7%</i>	<i>2</i>	<i>8</i>	<i>-75.0%</i>
Net non-recurring income/(expense)	(158)	-	NMF	(158)	-	NMF
Profit before income tax expense	3,225	1,722	87.3%	2,359	1,172	101.3%
Income tax benefit/(expense)	(603)	(288)	NMF	(398)	(203)	96.1%
Profit for the period	2,622	1,434	82.8%	1,961	969	102.4%
Attributable to:						
- shareholders of the Company	2,622	1,434	82.8%	1,961	969	102.4%
Profit for the period excluding IFRS 16	2,670	1,501	77.9%	1,933	1,023	89.0%
Attributable to:						
- shareholders of the Company	2,670	1,501	77.9%	1,933	1,023	89.0%

Medical insurance business financial highlights (cont'd)

Statement of cash flow

GEL thousands, unless otherwise noted

	1H20	1H19	Change	2Q20	2Q19	Change
Cash flows from / (used in) operating activities						
Revenue received	33,860	34,567	-2.0%	15,616	20,924	-25.4%
Cost of services paid	(23,436)	(25,820)	-9.2%	(9,910)	(14,941)	-33.7%
Gross profit received	10,424	8,747	19.2%	5,705	5,983	-4.6%
Salaries paid	(4,823)	(4,389)	9.9%	(3,056)	(2,886)	5.9%
General and administrative expenses paid	(1,076)	(843)	27.6%	(368)	(490)	-25.0%
General and administrative expenses paid, excluding IFRS 16	(1,279)	(1,024)	24.9%	(461)	(586)	-21.4%
Other operating income/(expense) and tax paid	(182)	(213)	-14.6%	(182)	(109)	66.8%
Net cash flows from operating activities before income tax	4,343	3,302	31.5%	2,100	2,498	-15.9%
Income tax paid	(1,130)	-	NMF	(230)	-	NMF
Net cash flows from operating activities	3,213	3,302	-2.7%	1,870	2,498	-25.1%
Net cash flows from operating activities, excluding IFRS 16	3,010	3,121	-3.6%	1,777	2,401	-26.0%
Cash flows from / (used in) investing activities						
Cash outflow on Capex	(172)	(29)	NMF	(97)	-	NMF
Interest income received	1,289	836	54.2%	788	577	36.6%
Other investing activities	(303)	(1,308)	-76.8%	(628)	(300)	109.2%
Net cash flow used in investing activities	814	(501)	NMF	63	277	-77.1%
Cash flows from / (used in) financing activities						
Payment of dividends	(750)	-	NMF	(375)	-	NMF
Purchase of treasury shares	(155)	(143)	8.4%	(155)	(143)	8.4%
Payment of finance lease liabilities	(174)	(154)	13.0%	(79)	(74)	7.3%
Interest expense paid on finance lease	(29)	(27)	7.4%	(14)	(23)	-38.2%
Increase/(decrease) in borrowings	1,600	(300)	NMF	-	(300)	NMF
Interest expense paid	(260)	(315)	-17.5%	(187)	(134)	39.7%
Net cash flows (used in)/from financing activities	232	(939)	NMF	(810)	(673)	20.3%
Net cash flows (used in)/from financing activities, excluding IFRS 16	435	(758)	NMF	(717)	(577)	24.3%
Effect of exchange rates changes on cash and cash equivalents	442	3	NMF	63	3	NMF
Net increase/(decrease) in cash and cash equivalents	4,701	1,865	NMF	1,186	2,104	NMF
Cash and bank deposits, beginning	16,583	12,363	34.1%	20,098	12,124	65.8%
Cash and bank deposits, ending	21,284	14,228	49.6%	21,284	14,228	49.6%

Balance sheet

GEL thousands, unless otherwise noted

	Jun-20	Dec-19	Change	Jun-19	Change
Total assets, of which:	91,993	79,575	15.6%	89,905	2.3%
Cash and bank deposits	21,284	16,583	28.3%	14,228	49.6%
Insurance premiums receivable	38,955	31,531	23.5%	48,135	-19.1%
Property and equipment	14,890	15,054	-1.1%	15,159	-1.8%
Right of use assets	603	597	1.0%	780	-22.7%
Goodwill and other intangible assets	5,517	5,519	NMF	5,488	0.5%
Inventory	198	-	NMF	-	NMF
Prepayments	1,102	520	NMF	705	56.4%
Other assets of which:	9,444	9,771	-3.3%	5,411	74.5%
<i>securities and intercompany loans</i>	<i>8,012</i>	<i>7,649</i>	<i>4.7%</i>	<i>3,118</i>	<i>NMF</i>
Total liabilities, of which:	61,740	52,695	17.2%	64,764	-4.7%
Borrowed Funds	9,255	7,450	24.2%	5,651	63.8%
Accounts payable	368	-	NMF	-	NMF
Insurance contract liabilities	40,048	31,687	26.4%	47,640	-15.9%
Other liabilities	12,069	13,558	-11.0%	11,474	5.2%
Total shareholders' equity	30,253	26,880	12.5%	25,141	20.3%

GHG selected ratios and KPIs

Selected ratios and KPIs	2Q20	2Q19	Change	1H20	1H19	Change	Selected ratios and KPIs	2Q20	2Q19	Change	1H20	1H19	Change
GHG, consolidated							Diagnostics						
ROIC (%)	7.7%	12.2%	-4.5ppts	9.8%	12.2%	-2.4ppts	EBITDA margin excluding IFRS 16 impact	1.5%	4.3%	-2.8ppts	-3.5%	4.2%	-7.7ppts
Group rent expenditure	5,770	6,118	-5.7%	12,257	12,014	2.0%	Number of patients served ('000)	106	60	76.7%	245	127	92.90%
of which, pharmacy and distribution business	5,389	5,555	-3.0%	11,537	10,880	6.0%	Number of tests performed ('000)	266	184	44.6%	591	356	66.00%
Group capex (maintenance)	2,319	3,878	-40.2%	5,537	7,062	-21.6%	Average revenue per test GEL	6.7	6.1	9.8%	5.8	6.4	-9.40%
Group capex (development)	4,183	7,282	-42.6%	10,708	13,603	-21.3%	Average number of tests per patient	2.5	3.1	18.2%	2.4	2.8	-14.30%
Number of employees	15,555	16,173	-3.8%	15,555	16,173	-3.8%	Pharmacy and Distribution						
Number of physicians	3,476	3,645	-4.6%	3,476	3,645	-4.6%	EBITDA margin excluding IFRS 16	10.5%	10.3%	0.2ppts	10.5%	10.5%	NMF
Number of nurses	3,301	3,425	-3.6%	3,301	3,425	-3.6%	Number of bills issued (millions)	5.7	7.1	-19.0%	13.4	14.2	-5.9%
Nurse to doctor ratio, referral hospitals	0.95	0.94	1.1%	0.95	0.94	1.1%	Average bill size	17.6	14.2	23.9%	16.5	13.8	19.6%
Number of pharmacists	2,887	2,983	-3.2%	2,887	2,983	-3.2%	Revenue from wholesale as a percentage of total revenue from pharma	25.4%	29.0%	-3.6ppts	26.0%	29.0%	-3.0ppts
Hospitals							Revenue from retail as a percentage of total revenue from pharma	74.6%	71.0%	3.6ppts	74.0%	71.0%	3.0ppts
EBITDA margin excluding IFRS 16	13.8%	25.4%	-11.6ppts	17.7%	25.5%	-7.8ppts	Revenue from para-pharmacy as a percentage of retail revenue from pharma	38.7%	31.4%	7.3ppts	34.0%	30.3%	3.7ppts
Direct salary rate (direct salary as % of revenue)	36.3%	35.3%	1.0ppts	35.8%	34.5%	1.3ppts	Number of pharmacies	299	279	20	299	279	20
Materials rate (direct materials as % of revenue)	20.0%	16.5%	3.5ppts	19.6%	17.0%	2.6ppts	Medical Insurance						
Administrative salary rate (administrative salaries as % of revenue)	14.9%	11.0%	3.9ppts	13.1%	10.8%	2.3ppts	Loss ratio	66.4%	82.6%	-16.2ppts	73.4%	83.9%	-10.5ppts
SG&A rate (SG&A expenses as % of revenue)	5.7%	5.2%	0.5ppts	5.0%	4.9%	0.1ppts	Expense ratio excluding IFRS 16, of which	21.0%	11.9%	9.1ppts	19.0%	12.3%	6.7ppts
Number of hospitals	18	18	NMF	18	18	NMF	Commission ratio	3.3%	3.4%	-0.1ppts	3.5%	3.9%	-0.4ppts
Number of hospital beds	2,967	2,967	NMF	2,967	2,967	NMF	Combined ratio excluding IFRS 16	87.4%	94.5%	-7.1ppts	92.4%	96.1%	-3.7ppts
Hospitals bed occupancy rate	43.3%	59.6%	-16.3ppts	51.9%	60.9%	-9.0ppts	Renewal rate	77.1%	81.3%	-4.2ppts	71.3%	77.5%	-6.2ppts
Hospitals bed occupancy rate, excluding TRH and CMC	43.6%	64.1%	-20.5ppts	53.6%	65.6%	-12.0ppts							
CMC bed occupancy rate	34.2%	38.6%	-4.4ppts	37.6%	37.1%	0.5ppts							
TRH bed occupancy rate	49.3%	46.9%	2.4ppts	52.6%	49.5%	3.1ppts							
Average length of stay (days)	5.8	5.4	7.4%	5.6	5.4	3.7%							
Average revenue per hospital bed	75.4	100.1	-24.7%	85.4	100.4	-14.9%							
Clinics													
EBITDA margin excluding IFRS 16	13.1%	17.5%	-4.4ppts	16.8%	18.1%	-1.3ppts							
EBITDA margin of polyclinics excluding IFRS 16	12.3%	16.3%	-4.0ppts	13.2%	15.6%	-2.4ppts							
Direct salary rate (direct salary as % of revenue)	34.3%	34.8%	-0.5ppts	34.0%	34.7%	-0.7ppts							
Materials rate (direct materials as % of revenue)	7.0%	6.6%	0.4ppts	6.5%	6.4%	0.1ppts							
Number of community clinics	19	19	NMF	19	19	NMF							
Number of community clinics beds	353	353	NMF	353	353	NMF							
Number of polyclinics	15	16	-1	15	16	-1							