



**GEORGIA
HEALTHCARE
GROUP**

2nd Quarter and half-year 2024 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 | 2Q24 and one-half 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: Hospitals 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 second quarter and one half 2024 consolidated financial results. Unless otherwise mentioned, comparatives are for the second quarter and one half of 2023. 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 Hospitals Business Results¹

The hospitals business, where GCAP owns a 100% equity, is the largest healthcare market participant in Georgia, comprised of 7 Large and Specialty Hospitals, providing secondary and tertiary level healthcare services across Georgia and 27 Regional and Community Hospitals, providing outpatient and basic inpatient services.

2Q24 and 1H24 performance (GEL '000), Hospitals²

| INCOME STATEMENT HIGHLIGHTS | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|--|------------------|------------------|---------------|------------------|---------------|-----------|
| Revenue, net ³ | 82,785 | 84,599 | -2.1% | 163,534 | 164,256 | -0.4% |
| Gross Profit | 27,233 | 30,477 | -10.6% | 55,037 | 58,710 | -6.3% |
| Gross profit margin | 32.3% | 35.6% | -3.3 ppts | 33.1% | 35.3% | -2.2 ppts |
| Operating expenses (ex. IFRS 16) | (13,509) | (15,084) | -10.4% | (28,976) | (29,070) | -0.3% |
| EBITDA (ex. IFRS 16) | 13,724 | 15,393 | -10.8% | 26,061 | 29,640 | -12.1% |
| EBITDA margin (ex. IFRS 16) | 16.3% | 18.0% | -1.7 ppts | 15.7% | 17.8% | -2.1 ppts |
| Net loss (ex. IFRS 16) | (2,606) | (1,184) | NMF | (6,192) | (2,512) | NMF |
| CASH FLOW HIGHLIGHTS | | | | | | |
| Cash flow from operating activities (ex. IFRS 16) | 4,071 | (3,703) | NMF | 6,573 | (7,471) | NMF |
| EBITDA to cash conversion (ex. IFRS 16) | 29.7% | -24.1% | 53.8 ppts | 25.2% | -25.2% | 50.4 ppts |
| Cash flow used in investing activities ⁴ | (11,445) | (8,702) | 31.5% | 6,148 | (15,304) | NMF |
| Free cash flow (ex. IFRS 16) ⁵ | (7,675) | (12,613) | -39.2% | 12,953 | (23,246) | NMF |
| Cash flow used in financing activities (ex. IFRS 16) | 17,333 | (3,270) | NMF | (10,095) | 4,779 | NMF |
| BALANCE SHEET HIGHLIGHTS | 30-Jun-24 | 31-Mar-24 | Change | 31-Dec-23 | Change | |
| Total assets | 698,365 | 675,170 | 3.4% | 707,614 | -1.3% | |
| Of which, cash balance and bank deposits | 12,140 | 2,292 | NMF | 9,753 | 24.5% | |
| Of which, securities and loans issued | 9,397 | 11,909 | -21.1% | 9,557 | -1.7% | |
| Total liabilities | 359,634 | 334,094 | 7.6% | 357,658 | 0.6% | |
| Of which, borrowings | 282,907 | 264,873 | 6.8% | 281,352 | 0.6% | |
| Total equity | 338,731 | 341,076 | -0.7% | 349,956 | -3.2% | |

INCOME STATEMENT HIGHLIGHTS

- The Large and Specialty Hospitals and Regional and Community Hospitals represent approximately 70% and 30%, respectively, of the consolidated hospitals' business revenue.

| Total revenue breakdown | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|--|--------|--------|--------|---------|---------|--------|
| Total revenue, net | 82,785 | 84,599 | -2.1% | 163,534 | 164,256 | -0.4% |
| Of which, Large and Specialty Hospitals | 57,637 | 55,236 | 4.3% | 111,509 | 105,243 | 6.0% |
| Of which, Regional and Community Hospitals | 25,399 | 29,579 | -14.1% | 52,643 | 59,521 | -11.6% |
| Of which, Inter-business eliminations | (251) | (216) | 16.2% | (618) | (508) | 21.7% |

- The 2Q24 revenue of Large and Specialty Hospitals increased by 4.3% y-o-y:
 - Revenues from high-margin outpatient and elective care services increased by 9.8% y-o-y in 2Q24 (up 5.2% y-o-y in 1H24), contributing to a decrease in the share of revenues from the State from 58.2% in 2Q23 to 56.8% in 2Q24 (down from 58.2% in 1H23 to 55.8% in 1H24). This underscores the positive results of the business's efforts to expand its range of outpatient and elective care services, which have partially mitigated the impact of the new facility regulations introduced in September 2023.
 - Improved brand awareness has also supported revenue growth, with Caucasus Medical Centre ("CMC") becoming the first multi-profile referral hospital in Georgia to be accredited by the Joint Commission International ("JCI").
 - A y-o-y increase in revenue of Large and Specialty Hospitals in 1H24 further reflects the reopening of Iashvili Paediatric Tertiary Referral Hospital, which was closed for most of 1Q23 due to mandatory regulatory-related renovation works.
- A y-o-y decrease in revenue for Regional and Community Hospitals in 2Q24 and 1H24 reflects:
 - The impact of the new facility regulations, which resulted in certain sections of the healthcare facilities being temporarily closed and unable to accept patients. The business expects to complete all regulatory-related renovation works by the end of 2024.
 - The sale of one of the regional hospitals ("Batumi Hospital") in 4Q23.
- As a result, the combined revenue of the hospitals business was down by 2.1% and 0.4% y-o-y in 2Q24 and 1H24, respectively. Adjusted for the sale of the above-mentioned "Batumi Hospital", the combined revenue was up by 3.1% y-o-y in 2Q24 (up by 5.2% in 1H24).
- The decrease in the gross profit margin apart from the revenue developments described above, reflects the following trends in direct salary and materials rates⁶ and utility costs:

¹ The numbers were adjusted retrospectively to account for the recent strategic reorganisation in the healthcare businesses that occurred in December 2023.

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

³ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

⁴ Of which - capex of GEL 12.0 million and GEL 23.4 in 2Q24 and 1H24, respectively (GEL 9.6 million and GEL 18.1 in 2Q23 and 1H23 respectively); proceeds from the sale of property of GEL 29.8 million in 1H24 (GEL 2.3 million in 1H23).

⁵ Operating cash flows less capex, plus net proceeds from the sale of Batumi Hospital.

⁶ The respective costs divided by gross revenues.

- Starting from January 2024, the State introduced minimum salary requirements for janitors and junior nurses. As a result, the direct salary rate was up 3.6 ppts y-o-y to 41.2% in 2Q24 (up 2.7 ppts y-o-y to 40.4% in 1H24).
- The materials rate was mainly flat (up 0.1 ppts y-o-y to 17.0% in 2Q24 and up by 0.3 ppts y-o-y to 16.9% in 1H24).
- Utilities and other costs were managed effectively, down by 10.8% and 15.3% y-o-y in 2Q24 and 1H24, respectively.
- Operating expenses (excl. IFRS 16) were down by 10.4% y-o-y in 2Q24 (down 0.3% y-o-y in 1H24), mainly resulting from:
 - A reduction in marketing expenses due to a high base in 2023, which was related to the strategic restructuring of the business.
 - A substantial 156% y-o-y increase in other operating income from university residency programs and clinical trials in 2Q24 (up 31.4% y-o-y in 1H24), offsetting the operating expenses.
- The developments described above translated into a 10.8% and 12.1% y-o-y decrease in EBITDA (excluding IFRS 16) in 2Q24 and 1H24, respectively.

| | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Total EBITDA (excl. IFRS 16), breakdown | 13,724 | 15,393 | -10.8% | 26,061 | 29,640 | -12.1% |
| <i>Of which, Large and Specialty Hospitals</i> | <i>11,203</i> | <i>11,150</i> | <i>0.5%</i> | <i>20,292</i> | <i>21,039</i> | <i>-3.5%</i> |
| <i>Of which, Regional and Community Hospitals</i> | <i>2,521</i> | <i>4,242</i> | <i>-40.6%</i> | <i>5,769</i> | <i>8,601</i> | <i>-32.9%</i> |

- Adjusted for the sale of "Batumi Hospital", the combined EBITDA was down by 6.9% y-o-y in 2Q24 (down 7.5% y-o-y in 1H24).
- Net interest expense (excluding IFRS 16) was largely flat (up 0.9% y-o-y in 2Q24 up 2.9% y-o-y in 1H24).
- As a result, the business posted a net loss (excluding IFRS 16) of GEL 2.6 million in 2Q24 (GEL 6.2 million net loss in 1H24).

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Capex investment was GEL 12.0 million in 2Q24 (23.4 million in 1H24), comprising: a) the maintenance capex of GEL 4.9 million in 2Q24 (8.9 million in 1H24) and b) capex related to the new regulations and obtaining required accreditations in the amount of GEL 2.5 million in 2Q24 (5.3 million in 1H24).
- EBITDA to cash conversion ratio stood at 29.7% and 25.2% in 2Q24 and 1H24, respectively, reflecting the one-off administrative delays in the collection of receivables from the State in 2024, as well as the integration of the community hospitals, formerly managed under Clinics and Diagnostics, into the hospitals business in 4Q23. The trend is expected to normalise in the coming months.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business key operating performance highlights for 2Q24 and 1H24 are noted below:

| Key metrics | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|---|--------------|--------------|------------------|--------------|--------------|------------------|
| <i>Number of admissions (thousands):</i> | | | | | | |
| <i>Of which, Large and Specialty Hospitals</i> | <i>381.4</i> | <i>374.2</i> | <i>1.9%</i> | <i>783.2</i> | <i>722.4</i> | <i>8.4%</i> |
| <i>Of which, Regional and Specialty Hospitals</i> | <i>176.8</i> | <i>160.7</i> | <i>10.0%</i> | <i>341.1</i> | <i>300.4</i> | <i>13.5%</i> |
| <i>Of which, Regional and Community Hospitals</i> | <i>204.6</i> | <i>213.5</i> | <i>-4.2%</i> | <i>442.1</i> | <i>442.0</i> | <i>4.8%</i> |
| <i>Occupancy rates:</i> | | | | | | |
| <i>Of which, Large and Specialty Hospitals</i> | <i>69.6%</i> | <i>61.7%</i> | <i>7.9 ppts</i> | <i>67.5%</i> | <i>57.9%</i> | <i>9.6 ppts</i> |
| <i>Of which, Regional and Community Hospitals</i> | <i>61.1%</i> | <i>49.9%</i> | <i>11.2 ppts</i> | <i>63.5%</i> | <i>50.9%</i> | <i>12.6 ppts</i> |

Discussion of Clinics and Diagnostics Business Results⁷

The clinics and diagnostics business, where GCAP owns a 100% equity interest, is the second largest healthcare market participant in Georgia after our hospitals business. The business comprises two segments: 1) 17 polyclinics (providing outpatient diagnostic and treatment services) and 14 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – “Mega Lab”.

2Q24 and 1H24 performance (GEL '000), Clinics and Diagnostics⁸

| INCOME STATEMENT HIGHLIGHTS | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|--|------------------|------------------|---------------|------------------|----------------|---------------|
| Revenue, net⁹ | 18,993 | 15,472 | 22.8% | 36,707 | 29,760 | 23.3% |
| Of which, clinics | 15,187 | 12,056 | 26.0% | 29,273 | 23,198 | 26.2% |
| Of which, diagnostics | 5,452 | 4,776 | 14.2% | 10,830 | 9,192 | 17.8% |
| Of which, inter-business eliminations | (1,646) | (1,360) | 21.0% | (3,396) | (2,630) | 29.1% |
| Gross Profit | 9,623 | 7,259 | 32.6% | 18,349 | 13,582 | 35.1% |
| Gross profit margin | 50.6% | 46.8% | 3.8ppts | 49.9% | 45.4% | 4.5ppts |
| Operating expenses (ex. IFRS 16) | (5,996) | (4,764) | 25.9% | (11,153) | (9,136) | 22.1% |
| EBITDA (ex. IFRS 16) | 3,627 | 2,495 | 45.4% | 7,196 | 4,445 | 61.9% |
| EBITDA margin (ex. IFRS 16) | 19.1% | 16.1% | 3.0ppts | 19.6% | 14.9% | 4.7ppts |
| Net profit / (loss) (ex. IFRS 16) | 379 | (866) | NMF | 1,722 | (835) | NMF |
| CASH FLOW HIGHLIGHTS | | | | | | |
| Cash flow from operating activities (ex. IFRS 16) | 2,445 | 2,258 | 8.3% | 7,174 | 2,199 | NMF |
| EBITDA to cash conversion (ex. IFRS 16) | 67.4% | 90.5% | -23.1ppts | 99.7% | 49.5% | 50.2ppts |
| Cash flow used in investing activities | (3,401) | (2,974) | 14.4% | (4,504) | (5,763) | -21.9% |
| Free cash flow (ex. IFRS 16)¹⁰ | (645) | (903) | -28.5% | 3,292 | (3,666) | NMF |
| Cash flow from financing activities (ex. IFRS 16) | 587 | 1,199 | -51.0% | (1,867) | 6,078 | NMF |
| BALANCE SHEET HIGHLIGHTS | 30-Jun-24 | 31-Mar-24 | Change | 31-Dec-23 | Change | |
| Total assets | 131,991 | 129,633 | 1.8% | 135,848 | -2.8% | |
| Of which, cash balance and bank deposits | 5,331 | 5,671 | -6.0% | 4,500 | 18.5% | |
| Of which, securities and loans issued | 3,049 | 3,051 | -0.1% | 8,357 | -63.5% | |
| Total liabilities | 78,726 | 75,826 | 3.8% | 83,901 | -6.2% | |
| Of which, borrowings | 43,162 | 41,143 | 4.9% | 48,630 | -11.2% | |
| Total equity | 53,265 | 53,807 | -1.0% | 51,947 | 2.5% | |

Discussion of results, Clinics (GEL '000)

| INCOME STATEMENT HIGHLIGHTS | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|---|------------------|------------------|---------------|------------------|----------------|---------------|
| Revenue, net | 15,187 | 12,056 | 26.0% | 29,273 | 23,198 | 26.2% |
| Gross Profit | 7,785 | 6,012 | 29.5% | 14,887 | 11,317 | 31.6% |
| Gross profit margin | 51.1% | 49.8% | 1.3ppts | 50.7% | 48.5% | 2.2ppts |
| Operating expenses (ex. IFRS 16) | (4,875) | (3,914) | 24.6% | (9,070) | (7,524) | 20.5% |
| EBITDA (ex. IFRS 16) | 2,910 | 2,098 | 38.7% | 5,817 | 3,792 | 53.4% |
| EBITDA margin (ex. IFRS 16) | 19.1% | 17.4% | 1.7ppts | 19.8% | 16.2% | 3.6ppts |
| Net profit / (loss) (ex. IFRS 16) | 183 | (268) | NMF | 1,298 | (83) | NMF |
| CASH FLOW HIGHLIGHTS | | | | | | |
| Cash flow from operating activities (ex. IFRS 16) | 3,062 | 2,531 | 20.9% | 7,770 | 3,883 | 100.1% |
| EBITDA to cash conversion (ex. IFRS 16) | 105.2% | 120.6% | -15.4ppts | 133.6% | 102.4% | 31.2ppts |
| Cash flow used in investing activities¹¹ | (3,288) | (2,825) | 16.4% | (4,262) | (5,024) | -15.1% |
| Free cash flow (ex. IFRS 16) | 84 | (479) | NMF | 4,129 | (1,235) | NMF |
| Cash flow used in financing activities (ex. IFRS 16) | (183) | 705 | NMF | (2,573) | 4,671 | NMF |
| BALANCE SHEET HIGHLIGHTS | 30-Jun-24 | 31-Mar-24 | Change | 31-Dec-23 | Change | |
| Total assets | 100,804 | 99,557 | 1.3% | 105,789 | -4.7% | |
| Of which, cash balance and bank deposits | 5,223 | 5,605 | -6.8% | 4,261 | 22.6% | |
| Of which, securities and loans issued | 3,049 | 3,051 | -0.1% | 8,357 | -63.5% | |
| Total liabilities | 65,908 | 63,965 | 3.0% | 71,840 | -8.3% | |
| Of which, borrowings | 35,797 | 34,743 | 3.0% | 42,340 | -15.5% | |
| Total equity | 34,896 | 35,592 | -2.0% | 33,949 | 2.8% | |

INCOME STATEMENT HIGHLIGHTS

- The 26.0% y-o-y increase in 2Q24 revenue (up 26.2% y-o-y in 1H24) reflects:
 - The increased demand for high revenue-generating services as well as the growth in the number of registered patients, driven by the business's proactive approach to customer acquisition and service enhancements.
 - Ramp-up of two new ambulatory centres launched in 2H23, contributing to the overall top-line growth.
 - The acquisition of a portfolio of c.27,000 new customers in June 2024. Although this acquisition had a limited impact on 2Q24 and 1H24 results, it is anticipated to significantly contribute to the business's future performance.
- The cost of services in the clinics consists mainly of salaries, cost of providers, materials and utilities:
 - The trend in salary cost is captured in the direct salary rate¹². A significant portion of direct salaries is fixed, which on the back of increased revenue improved by 1.1 ppts y-o-y to 31.1% in 2Q24 (up by 1.6 ppts to 30.5% in 1H24),

⁷ The numbers were adjusted retrospectively to account for the recent strategic reorganisation in the healthcare businesses.

⁸ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

⁹ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.

¹⁰ Operating cash flows less capex.

¹¹ Of which capex of GEL 2.2 million in 2Q24 and GEL 2.8 million in 1H24 (GEL 3.0 million in 2Q23 and GEL 5.1 million in 1H23).

¹² The respective costs divided by gross revenues.

notwithstanding the impact of new regulatory requirements regarding minimum salaries, as outlined in the discussion of the hospitals business results above.

- Materials rate and utility expenses were well-managed, improving by 0.3 ppts and 2.1% y-o-y in 2Q24, respectively (0.7 ppts and 4.5% improvement in 1H24, respectively).
- The cost of providers mainly consists of outsourced laboratory services, which accounted for c.13% of revenue in 2Q24, (c.13% in 1H24). Increased demand for such services led to a 0.7 ppts y-o-y increase in the provider cost ratio in 2Q24 (up 1.3 ppts y-o-y in 1H24).
- Consequently, the gross profit margin improved by 1.3 ppts y-o-y in 2Q24 (2.3 ppts y-o-y improvement in 1H24).
- Operating expenses (excl. IFRS 16) were up by 24.6% y-o-y in 2Q24 (up 20.5% y-o-y in 1H24), reflecting increased salaries and administrative expenses, in line with the expansion of the business.
- The development described above translated into a 38.7% y-o-y increase in EBITDA in 2Q24 (up 53.4% y-o-y in 1H24).

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The strong performance of the business translated into a 105.2% EBITDA to cash conversion ratio in 2Q24 (133.6% in 1H24).
- In 2Q24, the business spent GEL 2.2 million on capex, primarily related to the expansion of services and the polyclinics chain. Capex investment in 1H24 amounted to GEL 2.8 million.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The number of admissions at our clinics is highlighted below:

| | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|----------------------------------|-------|-------|--------|-------|-------|--------|
| Number of admissions (thousands) | 437.4 | 396.0 | 10.5% | 898.8 | 792.4 | 13.4% |

- The number of polyclinics operated by the business is provided below.

| | Jun-24 | Jun-23 | Change | Dec-23 | Change |
|-----------------------|--------|--------|--------|--------|--------|
| Number of polyclinics | 17 | 17 | - | 18 | -1 |

As of 30-Jun-24, the total number of registered patients in our polyclinics in Tbilisi reached c.336,000 (c.283,000 as of 30-Jun-23).

Discussion of results, Diagnostics (GEL '000)

| INCOME STATEMENT HIGHLIGHTS | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|-----------------------------------|---------|-------|---------|---------|---------|---------|
| Revenue, net | 5,452 | 4,776 | 14.2% | 10,830 | 9,192 | 17.8% |
| Gross Profit | 1,838 | 1,247 | 47.4% | 3,462 | 2,265 | 52.8% |
| Gross profit margin | 33.7% | 26.1% | 7.6ppts | 32.0% | 24.6% | 7.4ppts |
| Operating expenses (ex. IFRS 16) | (1,121) | (850) | 31.9% | (2,083) | (1,612) | 29.2% |
| EBITDA (ex. IFRS 16) | 717 | 397 | 80.6% | 1,379 | 653 | NMF |
| EBITDA margin (ex. IFRS 16) | 13.2% | 8.3% | 4.9ppts | 12.7% | 7.1% | 5.6ppts |
| Net profit / (loss) (ex. IFRS 16) | 196 | (598) | NMF | 424 | (752) | NMF |

INCOME STATEMENT HIGHLIGHTS

- The revenue developments in 2Q24 and 1H24 reflect the results of the business's enhanced efforts to broaden its client base and diversify its range of services, particularly in the high-margin category.
- Materials and direct salary rates improved by 6.1 ppts and 1.8 ppts y-o-y in 2Q24, respectively (3.8 ppts and 2.2 ppts y-o-y improvement in 1H24, respectively), which along with increased revenues, reflect significant process optimisations.
- As a result, the business recorded a 47.4% y-o-y increase in gross profit and an 80.6% y-o-y increase in EBITDA in 2Q24 (up 52.8% and 111.2% y-o-y in 1H24, respectively).

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The key operating performance highlights for 2Q24 and 1H24 are presented below:

| | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|---------------------------------------|------|------|--------|-------|-------|--------|
| Number of patients served (thousands) | 197 | 206 | -4.2% | 418 | 413 | 1.2% |
| Number of tests performed (thousands) | 673 | 630 | 6.8% | 1,411 | 1,249 | 12.9% |
| Average revenue per test GEL | 8.1 | 7.6 | 6.9% | 7.7 | 7.4 | 4.3% |
| Average number of tests per patient | 3.4 | 3.0 | 11.6% | 3.4 | 3.0 | 11.6% |

SELECTED FINANCIAL INFORMATION – Hospitals**INCOME STATEMENT***GEL thousands, unless otherwise noted*

| | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|--|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| Revenue, gross | 84,323 | 85,719 | -1.6% | 166,043 | 166,135 | -0.1% |
| Corrections & rebates | (1,538) | (1,120) | 37.3% | (2,509) | (1,879) | 33.5% |
| Revenue, net | 82,785 | 84,599 | -2.1% | 163,534 | 164,256 | -0.4% |
| <i>Of which, Large and Specialty Hospitals</i> | 57,637 | 55,236 | 4.3% | 111,509 | 105,243 | 6.0% |
| <i>Of which, Regional and Community Hospitals</i> | 25,399 | 29,579 | -14.1% | 52,643 | 59,521 | -11.6% |
| <i>Of which, Inter-business eliminations</i> | (251) | (216) | 16.2% | (618) | (508) | 21.7% |
| Costs of services | (55,552) | (54,121) | 2.6% | (108,497) | (105,546) | 2.8% |
| Cost of salaries and other employee benefits | (34,750) | (32,226) | 7.8% | (67,073) | (62,664) | 7.0% |
| Cost of materials and supplies | (14,319) | (14,461) | -1.0% | (28,035) | (27,503) | 1.9% |
| Cost of medical service providers | (1,800) | (2,185) | -17.6% | (3,712) | (3,949) | -6.0% |
| Cost of utilities and other | (4,683) | (5,249) | -10.8% | (9,677) | (11,430) | -15.3% |
| Gross profit | 27,233 | 30,477 | -10.6% | 55,037 | 58,710 | -6.3% |
| Gross profit margin | 32.3% | 35.6% | -3.3 pts | 33.1% | 35.3% | -2.2 pts |
| Salaries and other employee benefits | (11,334) | (10,580) | 7.1% | (22,001) | (20,774) | 5.9% |
| General and administrative expenses | (3,429) | (4,138) | -17.1% | (7,172) | (8,078) | -11.2% |
| <i>General and administrative expenses excluding IFRS 16</i> | (3,546) | (4,146) | -14.5% | (7,403) | (8,222) | -10.0% |
| Impairment of receivables | (1,464) | (1,464) | NMF | (3,451) | (3,028) | 14.0% |
| Other operating income | 2,834 | 1,106 | NMF | 3,880 | 2,953 | 31.4% |
| EBITDA | 13,841 | 15,401 | -10.1% | 26,292 | 29,784 | -11.7% |
| EBITDA excluding IFRS 16 | 13,724 | 15,393 | -10.8% | 26,062 | 29,639 | -12.1% |
| <i>Of which, Large and Specialty Hospitals</i> | 11,203 | 11,150 | 0.5% | 20,292 | 21,039 | -3.5% |
| <i>Of which, Regional and Community Hospitals</i> | 2,521 | 4,242 | -40.6% | 5,769 | 8,601 | -32.9% |
| EBITDA margin excluding IFRS 16 | 16.3% | 18.0% | -1.7 pts | 15.7% | 17.8% | -2.1 pts |
| Depreciation and amortization | (8,777) | (8,626) | 1.8% | (17,721) | (16,887) | 4.9% |
| <i>Depreciation and amortization excluding IFRS 16</i> | (8,537) | (7,885) | 8.3% | (16,940) | (15,405) | 10.0% |
| Net interest expense | (7,751) | (7,722) | 0.4% | (15,003) | (14,650) | 2.4% |
| <i>Net interest expense excluding IFRS 16</i> | (7,671) | (7,605) | 0.9% | (14,840) | (14,419) | 2.9% |
| Net gain/(loss) from foreign currencies | 177 | (938) | NMF | 296 | (485) | NMF |
| <i>Net gain/(loss) from foreign currencies excluding IFRS 16</i> | 399 | (735) | NMF | 529 | (663) | NMF |
| Net non-recurring items | (521) | (351) | 48.4% | (1,002) | (1,666) | -39.9% |
| Net loss before income tax expense | (3,031) | (2,236) | 35.6% | (7,137) | (3,905) | 82.8% |
| Income tax benefit/(expense) | - | - | NMF | - | - | NMF |
| Net loss for the period | (3,031) | (2,236) | 35.7% | (7,137) | (3,905) | 82.8% |
| Attributable to: | | | | | | |
| - shareholders of the Company | (4,823) | (3,067) | 57.3% | (9,775) | (5,449) | 79.4% |
| - non-controlling interests | 1,792 | 831 | NMF | 2,638 | 1,544 | 70.9% |
| Net loss for the period excluding IFRS 16 | (2,606) | (1,183) | NMF | (6,191) | (2,514) | NMF |
| Attributable to: | | | | | | |
| - shareholders of the Company | (4,398) | (2,015) | NMF | (8,829) | (4,058) | NMF |
| - non-controlling interests | 1,792 | 831 | NMF | 2,638 | 1,544 | 70.9% |

SELECTED FINANCIAL INFORMATION – Hospitals, *Continued***STATEMENT OF CASH FLOW**

| <i>GEL thousands, unless otherwise noted</i> | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change |
|--|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Cash flows from operating activities | | | | | | |
| Revenue received | 78,886 | 66,834 | 18.0% | 156,707 | 124,684 | 25.7% |
| Cost of services paid | (54,006) | (50,937) | 6.0% | (105,625) | (94,319) | 12.0% |
| Gross profit received | 24,880 | 15,897 | 56.5% | 51,082 | 30,365 | 68.2% |
| Salaries paid | (13,111) | (11,366) | 15.4% | (24,875) | (22,352) | 11.3% |
| General and administrative expenses paid | (7,840) | (7,337) | 6.9% | (14,855) | (13,350) | 11.3% |
| <i>General and administrative expenses paid, excluding IFRS 16</i> | <i>(7,957)</i> | <i>(7,526)</i> | <i>5.7%</i> | <i>(15,086)</i> | <i>(13,903)</i> | <i>8.5%</i> |
| Other operating income/(expense) and tax paid | 263 | (705) | NMF | (4,542) | (1,570) | NMF |
| Net cash flows from operating activities before income tax | 4,193 | (3,511) | NMF | 6,810 | (6,908) | NMF |
| Income tax paid | (5) | (3) | 66.7% | (6) | (10) | -40.0% |
| Net cash flows from operating activities | 4,187 | (3,514) | NMF | 6,804 | (6,917) | NMF |
| Net cash flows from operating activities, excluding IFRS 16 | 4,070 | (3,703) | NMF | 6,573 | (7,470) | NMF |
| Cash flows used in investing activities | | | | | | |
| Cash outflow on Capex | (11,985) | (9,562) | 25.3% | (23,410) | (18,059) | 29.6% |
| Interest income received | 355 | 133 | NMF | 864 | 356 | NMF |
| Proceeds from sale of associate/subsidiary | 240 | 652 | -63.2% | 29,790 | 2,282 | NMF |
| Dividends and intersegment loans issued/received | (55) | 75 | NMF | (1,097) | 117 | NMF |
| Net cash flow used in investing activities | (11,445) | (8,702) | 31.5% | 6,147 | (15,304) | NMF |
| Cash flows from financing activities | | | | | | |
| Payment of dividends | 1,086 | - | NMF | (1,327) | (1,910) | -30.5% |
| Payment of finance lease liabilities | (58) | 94 | NMF | (109) | (46) | NMF |
| Interest expense paid on finance lease | (59) | (283) | -79.2% | (122) | (507) | -75.9% |
| Increase/(decrease) in borrowings | 23,441 | 2,976 | NMF | 8,244 | 20,399 | -59.6% |
| Interest expense paid | (7,194) | (6,245) | 15.2% | (17,011) | (13,710) | 24.1% |
| Net cash flows from financing activities | 17,216 | (3,458) | NMF | (10,325) | 4,226 | NMF |
| Net cash flows from financing activities, excluding IFRS 16 | 17,333 | (3,269) | NMF | (10,094) | 4,779 | NMF |
| Effect of exchange rates changes on cash and cash equivalents | (110) | (144) | -23.6% | (239) | (385) | -37.9% |
| Net increase/(decrease) in cash and cash equivalents | 9,848 | (15,818) | NMF | 2,387 | (18,380) | NMF |
| Cash and bank deposits, beginning | 2,292 | 20,996 | -89.1% | 9,753 | 23,558 | -58.6% |
| Cash and bank deposits, ending | 12,140 | 5,178 | NMF | 12,140 | 5,178 | NMF |

SELECTED FINANCIAL INFORMATION – Hospitals, *Continued*

| BALANCE SHEET | | | | | |
|--|----------------|----------------|---------------|----------------|---------------|
| <i>GEL thousands, unless otherwise noted</i> | Jun-24 | Mar-24 | Change | Dec-23 | Change |
| Cash and bank deposits | 12,140 | 2,292 | NMF | 9,753 | 24.5% |
| Receivables from healthcare services | 109,900 | 96,986 | 13.3% | 94,692 | 16.1% |
| Property and equipment | 440,551 | 437,465 | 0.7% | 433,913 | 1.5% |
| Right of use assets | 1,306 | 1,445 | -9.6% | 1,987 | -34.3% |
| Goodwill and other intangible assets | 68,631 | 67,112 | 2.3% | 69,895 | -1.8% |
| Inventory | 22,583 | 22,772 | -0.8% | 23,176 | -2.6% |
| Prepayments | 11,489 | 9,456 | 21.5% | 8,373 | 37.2% |
| Other assets | 31,765 | 37,642 | -15.6% | 65,825 | -51.7% |
| <i>Of which, securities and intercompany loans</i> | 9,397 | 11,909 | -21.1% | 9,557 | -1.7% |
| Total assets | 698,365 | 675,170 | 3.4% | 707,614 | -1.3% |
| Borrowed Funds | 282,907 | 264,873 | 6.8% | 281,352 | 0.6% |
| Accounts payable | 36,933 | 29,200 | 26.5% | 29,690 | 24.4% |
| Other liabilities | 39,794 | 40,021 | -0.6% | 46,616 | -14.6% |
| Total liabilities | 359,634 | 334,094 | 7.6% | 357,658 | 0.6% |
| Total shareholders' equity attributable to: | 338,731 | 341,076 | -0.7% | 349,956 | -3.2% |
| Shareholders of the Company | 304,118 | 307,535 | -1.1% | 317,779 | -4.3% |
| Non-controlling interest | 34,613 | 33,541 | 3.2% | 32,177 | 7.6% |

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics

| INCOME STATEMENT | Clinics | | | | | | Diagnostic | | | | | | Eliminations | | | | Clinics & Diagnostics | | | | | | |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------------|----------------|-----------------|-----------------|-----------------|-----------------|--|
| | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change | 2Q24 | 2Q23 | 1H24 | 1H23 | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change | |
| <i>GEL thousands, unless otherwise noted</i> | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue, gross | 15,230 | 12,076 | 26.1% | 29,338 | 23,351 | 25.6% | 5,452 | 4,776 | 14.2% | 10,830 | 9,192 | 17.8% | (1,646) | (1,360) | (3,396) | (2,630) | 19,036 | 15,492 | 22.9% | 36,772 | 29,913 | 22.9% | |
| Corrections & rebates | (43) | (20) | NMF | (65) | (153) | -57.5% | - | - | NMF | - | - | NMF | - | - | - | - | (43) | (20) | NMF | (65) | (153) | -57.5% | |
| Revenue, net | 15,187 | 12,056 | 26.0% | 29,273 | 23,198 | 26.2% | 5,452 | 4,776 | 14.2% | 10,830 | 9,192 | 17.8% | (1,646) | (1,360) | (3,396) | (2,630) | 18,993 | 15,472 | 22.8% | 36,707 | 29,760 | 23.3% | |
| Costs of services | (7,402) | (6,045) | 22.4% | (14,386) | (11,882) | 21.1% | (3,614) | (3,529) | 2.4% | (7,368) | (6,927) | 6.4% | 1,646 | 1,360 | 3,396 | 2,630 | (9,370) | (8,214) | 14.1% | (18,358) | (16,179) | 13.5% | |
| Cost of salaries and other employee benefits | (4,721) | (3,880) | 21.7% | (8,941) | (7,488) | 19.4% | (1,264) | (1,195) | 5.8% | (2,497) | (2,326) | 7.4% | - | - | - | - | (5,985) | (5,075) | 17.9% | (11,438) | (9,814) | 16.5% | |
| Cost of materials and supplies | (339) | (300) | 13.0% | (630) | (643) | -2.0% | (1,901) | (1,956) | -2.8% | (3,962) | (3,717) | 6.6% | - | - | - | - | (2,240) | (2,256) | -0.7% | (4,592) | (4,360) | 5.3% | |
| Cost of medical service providers | (1,918) | (1,432) | 33.9% | (3,884) | (2,776) | 39.9% | (152) | (56) | NMF | (269) | (239) | 12.6% | 1,646 | 1,360 | 3,396 | 2,630 | (424) | (128) | NMF | (757) | (385) | 96.6% | |
| Cost of utilities and other | (424) | (433) | -2.1% | (931) | (975) | -4.5% | (297) | (322) | -7.8% | (640) | (645) | -0.8% | - | - | - | - | (721) | (755) | -4.5% | (1,571) | (1,620) | -3.0% | |
| Gross profit | 7,785 | 6,011 | 29.5% | 14,887 | 11,316 | 31.6% | 1,838 | 1,247 | 47.4% | 3,462 | 2,265 | 52.8% | - | - | - | - | 9,623 | 7,258 | 32.6% | 18,349 | 13,581 | 35.1% | |
| Gross profit margin | 51.1% | 49.8% | 1.3 ppts | 50.7% | 48.5% | 2.2 ppts | 33.7% | 26.1% | 7.6 ppts | 32.0% | 24.6% | 7.4 ppts | - | - | - | - | 50.6% | 46.8% | 3.8 ppts | 49.9% | 45.4% | 4.5 ppts | |
| Salaries and other employee benefits | (2,727) | (2,266) | 20.3% | (5,275) | (4,513) | 16.9% | (523) | (456) | 14.7% | (1,032) | (888) | 16.2% | - | - | - | - | (3,250) | (2,722) | 19.4% | (6,307) | (5,401) | 16.8% | |
| General and administrative expenses | (1,346) | (1,170) | 15.0% | (2,506) | (2,285) | 9.7% | (589) | (365) | 61.4% | (1,025) | (677) | 51.4% | - | - | - | - | (1,935) | (1,535) | 26.1% | (3,531) | (2,962) | 19.2% | |
| <i>General and administrative expenses excluding IFRS 16</i> | <i>(1,994)</i> | <i>(1,639)</i> | <i>21.7%</i> | <i>(3,776)</i> | <i>(2,982)</i> | <i>26.6%</i> | <i>(589)</i> | <i>(365)</i> | <i>61.4%</i> | <i>(1,025)</i> | <i>(677)</i> | <i>51.4%</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>(2,583)</i> | <i>(2,004)</i> | <i>28.9%</i> | <i>(4,801)</i> | <i>(3,659)</i> | <i>31.2%</i> | |
| Impairment of receivables | (51) | (40) | 27.5% | (102) | (68) | 50.0% | - | - | NMF | - | - | NMF | - | - | - | - | (51) | (40) | 27.5% | (102) | (68) | 50.0% | |
| Other operating (expense)/income | (103) | 32 | NMF | 83 | 39 | NMF | (9) | (29) | -69.0% | (26) | (47) | -44.7% | - | - | - | - | (112) | 3 | NMF | 57 | (8) | NMF | |
| EBITDA | 3,558 | 2,567 | 38.6% | 7,087 | 4,489 | 57.9% | 717 | 397 | 80.6% | 1,379 | 653 | NMF | - | - | - | - | 4,275 | 2,964 | 44.2% | 8,466 | 5,142 | 64.6% | |
| EBITDA excluding IFRS 16 | 2,910 | 2,098 | 38.7% | 5,817 | 3,792 | 53.4% | 717 | 397 | 80.6% | 1,379 | 653 | NMF | - | - | - | - | 3,627 | 2,495 | 45.4% | 7,196 | 4,445 | 61.9% | |
| EBITDA margin excluding IFRS 16 | 19.1% | 17.4% | 1.7 ppts | 19.8% | 16.2% | 3.6 ppts | 13.2% | 8.3% | 4.9 ppts | 12.7% | 7.1% | 5.6 ppts | 0.0% | 0.0% | 0.0% | 0.0% | 19.1% | 16.1% | 3.0 ppts | 19.6% | 14.9% | 4.7 ppts | |
| Depreciation and amortization | (1,920) | (1,427) | 34.5% | (3,826) | (2,739) | 39.7% | (298) | (241) | 23.7% | (582) | (445) | 30.8% | - | - | - | - | (2,218) | (1,668) | 33.0% | (4,408) | (3,184) | 38.4% | |
| <i>Depreciation and amortization excluding IFRS 16</i> | <i>(1,369)</i> | <i>(1,190)</i> | <i>15.0%</i> | <i>(2,724)</i> | <i>(2,312)</i> | <i>17.8%</i> | <i>(298)</i> | <i>(241)</i> | <i>23.7%</i> | <i>(582)</i> | <i>(445)</i> | <i>30.8%</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>(1,667)</i> | <i>(1,431)</i> | <i>16.5%</i> | <i>(3,306)</i> | <i>(2,757)</i> | <i>19.9%</i> | |
| Net interest expense | (896) | (1,050) | -14.7% | (1,816) | (1,935) | -6.1% | (192) | (171) | 12.3% | (378) | (312) | 21.2% | - | - | - | - | (1,088) | (1,221) | -10.9% | (2,194) | (2,247) | -2.4% | |
| <i>Net interest expense excluding IFRS 16</i> | <i>(571)</i> | <i>(884)</i> | <i>-35.4%</i> | <i>(1,161)</i> | <i>(1,619)</i> | <i>-28.3%</i> | <i>(192)</i> | <i>(171)</i> | <i>12.3%</i> | <i>(378)</i> | <i>(312)</i> | <i>21.2%</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>(763)</i> | <i>(1,055)</i> | <i>-27.7%</i> | <i>(1,539)</i> | <i>(1,931)</i> | <i>-20.3%</i> | |
| Net gain/(loss) from foreign currencies | (1,536) | (549) | NMF | (1,284) | 370 | NMF | 4 | (3) | NMF | 55 | 10 | NMF | - | - | - | - | (1,532) | (552) | NMF | (1,229) | 380 | NMF | |
| <i>Net gain/(loss) from foreign currencies excluding IFRS 16</i> | <i>(653)</i> | <i>(235)</i> | <i>NMF</i> | <i>(357)</i> | <i>204</i> | <i>NMF</i> | <i>4</i> | <i>(3)</i> | <i>NMF</i> | <i>55</i> | <i>10</i> | <i>NMF</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>(649)</i> | <i>(238)</i> | <i>NMF</i> | <i>(302)</i> | <i>214</i> | <i>NMF</i> | |
| Net non-recurring items | (134) | (57) | NMF | (277) | (148) | 87.2% | (35) | (580) | -94.0% | (50) | (658) | -92.4% | - | - | - | - | (169) | (637) | -73.5% | (327) | (806) | -59.4% | |
| Net (loss)/profit before income tax expense | (928) | (516) | 79.8% | (116) | 37 | NMF | 196 | (598) | NMF | 424 | (752) | NMF | - | - | - | - | (732) | (1,114) | -34.3% | 308 | (715) | NMF | |
| Income tax benefit/(expense) | - | - | NMF | - | - | NMF | - | - | NMF | - | - | NMF | - | - | - | - | - | - | NMF | - | - | NMF | |
| Net (loss)/profit for the period | (928) | (516) | 79.8% | (116) | 37 | NMF | 196 | (598) | NMF | 424 | (752) | NMF | - | - | - | - | (732) | (1,114) | -34.3% | 308 | (715) | NMF | |
| Attributable to: | | | | | | | | | | | | | | | | | | | | | | | |
| - shareholders of the Company | (935) | (505) | 85.1% | (130) | 66 | NMF | 196 | (598) | NMF | 424 | (752) | NMF | - | - | - | - | (739) | (1,103) | -33.0% | 294 | (686) | NMF | |
| - non-controlling interests | 7 | (11) | NMF | 14 | (29) | NMF | - | - | NMF | - | - | NMF | - | - | - | - | 7 | (11) | NMF | 14 | (29) | NMF | |
| Net (loss)/profit for the period excluding IFRS 16 | 183 | (268) | NMF | 1,298 | (83) | NMF | 196 | (598) | NMF | 424 | (752) | NMF | - | - | - | - | 379 | (866) | NMF | 1,722 | (835) | NMF | |
| Attributable to: | | | | | | | | | | | | | | | | | | | | | | | |
| - shareholders of the Company | 176 | (257) | NMF | 1,284 | (54) | NMF | 196 | (598) | NMF | 424 | (752) | NMF | - | - | - | - | 372 | (855) | NMF | 1,708 | (806) | NMF | |
| - non-controlling interests | 7 | (11) | NMF | 14 | (29) | NMF | - | - | NMF | - | - | NMF | - | - | - | - | 7 | (11) | NMF | 14 | (29) | NMF | |

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

| STATEMENT OF CASH FLOW | Clinics | | | | | | Diagnostic | | | | | | Eliminations | | | | Clinics & Diagnostics | | | | | | |
|--|----------------|----------------|---------------|----------------|----------------|---------------|--------------|--------------|---------------|----------------|----------------|---------------|--------------|---------|---------|---------|-----------------------|----------------|---------------|----------------|----------------|---------------|--|
| | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change | 2Q24 | 2Q23 | 1H24 | 1H23 | 2Q24 | 2Q23 | Change | 1H24 | 1H23 | Change | |
| <i>GEL thousands, unless otherwise noted</i> | | | | | | | | | | | | | | | | | | | | | | | |
| Cash flows from operating activities | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue received | 14,197 | 12,231 | 16.1% | 25,050 | 22,673 | 10.5% | 4,972 | 4,290 | 15.9% | 9,665 | 7,712 | 25.3% | (1,895) | (1,155) | (3,476) | (2,315) | 17,274 | 15,366 | 12.4% | 31,239 | 28,070 | 11.3% | |
| Cost of services paid | (7,882) | (5,704) | 38.2% | (11,016) | (11,067) | -0.5% | (2,710) | (2,050) | 32.3% | (4,919) | (5,027) | -2.1% | 1,895 | 1,155 | 3,476 | 2,315 | (8,697) | (6,599) | 31.8% | (12,459) | (13,779) | -9.6% | |
| Gross profit received | 6,315 | 6,527 | -3.3% | 14,034 | 11,606 | 20.9% | 2,262 | 2,240 | 0.9% | 4,746 | 2,685 | 76.7% | - | - | - | - | 8,577 | 8,767 | -2.2% | 18,780 | 14,291 | 31.4% | |
| Salaries paid | (2,100) | (2,043) | 2.8% | (3,666) | (4,018) | -8.8% | (2,234) | (2,148) | 4.0% | (4,158) | (3,744) | 11.1% | - | - | - | - | (4,334) | (4,191) | 3.4% | (7,824) | (7,762) | 0.8% | |
| General and administrative expenses paid | (1,348) | (1,348) | NMF | (2,068) | (2,711) | -23.8% | (634) | (311) | NMF | (1,187) | (559) | NMF | - | - | - | - | (1,982) | (1,659) | 19.5% | (3,255) | (3,270) | -0.5% | |
| <i>General and administrative expenses paid, excluding IFRS 16</i> | <i>(1,996)</i> | <i>(1,817)</i> | <i>9.9%</i> | <i>(3,338)</i> | <i>(3,408)</i> | <i>-2.1%</i> | <i>(634)</i> | <i>(311)</i> | <i>NMF</i> | <i>(1,187)</i> | <i>(559)</i> | <i>NMF</i> | - | - | - | - | <i>(2,630)</i> | <i>(2,128)</i> | <i>23.6%</i> | <i>(4,525)</i> | <i>(3,967)</i> | <i>14.1%</i> | |
| Other operating income/(expense) and tax paid | 843 | (136) | NMF | 740 | (297) | NMF | (11) | (54) | -79.6% | 3 | (66) | NMF | - | - | - | - | 832 | (190) | NMF | 743 | (363) | NMF | |
| Net cash flows from operating activities before income tax | 3,710 | 3,000 | 23.6% | 9,040 | 4,580 | 97.4% | (617) | (273) | NMF | (596) | (1,684) | -64.6% | - | - | - | - | 3,093 | 2,727 | 13.5% | 8,444 | 2,896 | NMF | |
| Income tax paid | - | - | NMF | - | - | NMF | - | - | NMF | - | - | NMF | - | - | - | - | - | - | NMF | - | - | NMF | |
| Net cash flows from operating activities | 3,710 | 3,000 | 23.6% | 9,040 | 4,580 | 97.4% | (617) | (273) | NMF | (596) | (1,684) | -64.6% | - | - | - | - | 3,093 | 2,727 | 13.5% | 8,444 | 2,896 | NMF | |
| Net cash flows from operating activities, excluding IFRS 16 | 3,062 | 2,531 | 20.9% | 7,770 | 3,883 | NMF | (617) | (273) | NMF | (596) | (1,684) | -64.6% | - | - | - | - | 2,445 | 2,258 | 8.3% | 7,174 | 2,199 | NMF | |
| Cash flows from investing activities | | | | | | | | | | | | | | | | | | | | | | | |
| Cash outflow on Capex | (2,168) | (3,009) | -27.9% | (2,831) | (5,118) | -44.7% | (113) | (151) | -25.2% | (242) | (748) | -67.6% | - | - | - | - | (2,281) | (3,160) | -27.8% | (3,073) | (5,866) | -47.6% | |
| Acquisition of subsidiaries/payments of holdback | (810) | - | NMF | (810) | - | NMF | - | - | NMF | - | - | NMF | - | - | - | - | (810) | - | NMF | (810) | - | NMF | |
| Interest income received | 96 | 17 | NMF | 99 | 66 | 48.5% | - | 2 | NMF | - | 9 | NMF | - | - | - | - | 96 | 19 | NMF | 99 | 75 | 32.4% | |
| Dividends and intersegment loans issued/received | (406) | 167 | NMF | (720) | 28 | NMF | - | - | NMF | - | - | NMF | - | - | - | - | (406) | 167 | NMF | (720) | 28 | NMF | |
| Net cash flows used in investing activities | (3,288) | (2,825) | 16.4% | (4,262) | (5,024) | -15.1% | (113) | (149) | -24.2% | (242) | (739) | -67.3% | - | - | - | - | (3,401) | (2,974) | 14.4% | (4,504) | (5,763) | -21.9% | |
| Cash flows from financing activities | | | | | | | | | | | | | | | | | | | | | | | |
| Dividends paid | - | (25) | NMF | - | (25) | NMF | - | - | NMF | - | - | NMF | - | - | - | - | - | (25) | NMF | - | (25) | NMF | |
| Payment of finance lease liabilities | (323) | (303) | 6.6% | (615) | (381) | 61.4% | - | - | NMF | - | - | NMF | - | - | - | - | (323) | (303) | 6.6% | (615) | (381) | 61.4% | |
| Interest expense paid on finance lease | (325) | (166) | 95.8% | (655) | (316) | NMF | - | - | NMF | - | - | NMF | - | - | - | - | (325) | (166) | 95.8% | (655) | (316) | NMF | |
| Increase/(decrease) in borrowings | 1 | 1,867 | -99.9% | (1,817) | 7,090 | NMF | 952 | 605 | 57.4% | 1,044 | 1,664 | -37.3% | - | - | - | - | 953 | 2,472 | -61.4% | (773) | 8,754 | NMF | |
| Interest expense paid | (184) | (1,137) | -83.8% | (756) | (2,394) | -68.4% | (182) | (111) | 64.5% | (338) | (257) | 32.0% | - | - | - | - | (366) | (1,248) | -70.8% | (1,094) | (2,651) | -58.7% | |
| Net cash flows from financing activities | (831) | 236 | NMF | (3,843) | 3,974 | NMF | 770 | 494 | 55.8% | 706 | 1,407 | -49.9% | - | - | - | - | (61) | 730 | NMF | (3,137) | 5,381 | NMF | |
| Net cash flows from financing activities, excluding IFRS 16 | (183) | 705 | NMF | (2,573) | 4,671 | NMF | 770 | 494 | 55.8% | 706 | 1,407 | -49.9% | - | - | - | - | 587 | 1,199 | -51.0% | (1,867) | 6,078 | NMF | |
| Effect of exchange rates changes on cash and cash equivalents | 27 | 5 | NMF | 27 | 8 | NMF | 1 | - | NMF | 1 | 1 | NMF | - | - | - | - | 28 | 5 | NMF | 28 | 9 | NMF | |
| Net increase in cash and cash equivalents | (382) | 416 | NMF | 962 | 3,538 | -72.8% | 42 | 72 | -44.6% | (131) | (1,015) | -87.1% | - | - | - | - | (340) | 488 | NMF | 831 | 2,523 | -67.0% | |
| Cash and bank deposits, beginning | 5,605 | 7,014 | 44.0% | 4,261 | 3,892 | 9.5% | 66 | 54 | -94.2% | 239 | 1,141 | -79.1% | - | - | - | - | 5,671 | 7,068 | 12.7% | 4,500 | 5,033 | -10.6% | |
| Cash and bank deposits, ending | 5,223 | 7,430 | -29.7% | 5,223 | 7,430 | -29.7% | 108 | 126 | -14.3% | 108 | 126 | -15.0% | - | - | - | - | 5,331 | 7,556 | -29.4% | 5,331 | 7,556 | -29.4% | |

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

| BALANCE SHEET | Clinics | | | | | Diagnostic | | | | | Eliminations | | | Clinics & Diagnostics | | | | |
|--|----------------|---------------|--------------|----------------|--------------|---------------|---------------|-------------|---------------|-------------|----------------|----------------|----------------|-----------------------|----------------|--------------|----------------|--------------|
| | Jun-24 | Mar-24 | Change | Dec-23 | Change | Jun-24 | Mar-24 | Change | Dec-23 | Change | Jun-24 | Mar-24 | Dec-23 | Jun-24 | Mar-24 | Change | Dec-23 | Change |
| <i>GEL thousands, unless otherwise noted</i> | | | | | | | | | | | | | | | | | | |
| Cash and bank deposits | 5,223 | 5,605 | -6.8% | 4,261 | 22.6% | 108 | 66 | 63.6% | 239 | -54.8% | - | - | - | 5,331 | 5,671 | -6.0% | 4,500 | 18.5% |
| Receivables from healthcare services | 5,459 | 4,114 | 32.7% | 6,785 | -19.5% | 5,976 | 5,501 | 8.6% | 4,862 | 22.9% | (1,645) | (1,609) | (1,582) | 9,790 | 8,006 | 22.3% | 10,065 | -2.7% |
| Property and equipment | 44,566 | 43,834 | 1.7% | 46,386 | -3.9% | 16,708 | 16,376 | 2.0% | 16,700 | 0.0% | - | - | - | 61,274 | 60,210 | 1.8% | 63,086 | -2.9% |
| Right of use assets | 19,837 | 20,718 | -4.3% | 21,599 | -8.2% | - | - | NMF | - | NMF | - | - | - | 19,837 | 20,718 | -4.3% | 21,599 | -8.2% |
| Goodwill and other intangible assets | 13,445 | 12,192 | 10.3% | 8,201 | 63.9% | 4,348 | 4,327 | 0.5% | 4,294 | 1.3% | - | - | - | 17,793 | 16,519 | 7.7% | 12,495 | 42.4% |
| Inventory | 951 | 903 | 5.3% | 1,004 | -5.3% | 1,937 | 1,637 | 18.3% | 1,846 | 4.9% | - | - | - | 2,888 | 2,540 | 13.7% | 2,850 | 1.3% |
| Prepayments | 1,904 | 1,448 | 31.5% | 940 | NMF | 2,885 | 2,934 | -1.7% | 2,932 | -1.6% | - | - | - | 4,789 | 4,382 | 9.3% | 3,872 | 23.7% |
| Other assets | 9,419 | 10,743 | -12.3% | 16,613 | -43.3% | 871 | 845 | 3.1% | 768 | 13.4% | (1) | (1) | - | 10,289 | 11,587 | -11.2% | 17,381 | -40.8% |
| <i>Of which, securities and intercompany loans</i> | 3,049 | 3,057 | -0.1% | 8,357 | -63.5% | - | - | NMF | - | NMF | - | - | - | 3,049 | 3,057 | -0.1% | 8,357 | -63.5% |
| Total assets | 100,804 | 99,557 | 1.3% | 105,789 | -4.7% | 32,833 | 31,686 | 3.6% | 31,641 | 3.8% | (1,646) | (1,610) | (1,582) | 131,991 | 129,633 | 1.8% | 135,848 | -2.8% |
| Borrowed Funds | 35,797 | 34,743 | 3.0% | 42,340 | -15.5% | 7,365 | 6,400 | 15.1% | 6,290 | 17.1% | - | - | - | 43,162 | 41,143 | 4.9% | 48,630 | -11.2% |
| Accounts payable | 6,123 | 5,107 | 19.9% | 6,797 | -9.9% | 5,739 | 5,746 | -0.1% | 5,874 | -2.3% | (1,646) | (1,610) | (1,589) | 10,216 | 9,243 | 10.5% | 11,082 | -7.8% |
| Other liabilities | 23,988 | 24,115 | -0.5% | 22,703 | 5.7% | 1,360 | 1,325 | 2.6% | 1,486 | -8.5% | - | - | - | 25,348 | 25,440 | -0.4% | 24,189 | 4.8% |
| Total liabilities | 65,908 | 63,965 | 3.0% | 71,840 | -8.3% | 14,464 | 13,471 | 7.4% | 13,650 | 6.0% | (1,646) | (1,610) | (1,589) | 78,726 | 75,826 | 3.8% | 83,901 | -6.2% |
| Total shareholders' equity attributable to: | 34,896 | 35,592 | -2.0% | 33,949 | 2.8% | 18,369 | 18,215 | 0.8% | 17,991 | 2.1% | - | - | 7 | 53,265 | 53,807 | -1.0% | 51,947 | 2.5% |
| Shareholders of the Company | 34,998 | 35,678 | -1.9% | 33,558 | 4.3% | 18,369 | 18,215 | 0.8% | 17,991 | 2.1% | - | - | 7 | 53,367 | 53,893 | -1.0% | 51,556 | 3.5% |
| Non-controlling interest | (102) | (86) | 18.6% | 391 | NMF | - | - | NMF | - | NMF | - | - | - | (102) | (86) | 18.6% | 391 | NMF |

Selected ratios and KPIs

| Selected ratios and KPIs | 2Q24 | 2Q23 | Change | HY24 | HY23 | Change |
|--|-------------|-------------|---------------|-------------|-------------|---------------|
| Vian (T1) | | | | | | |
| EBITDA margin excl. IFRS 16 | 19.2% | 20.1% | -0.9% | 18.0% | 19.8% | -1.8ppts |
| Direct salary rate (direct salary as % of revenue) | 40.5% | 36.1% | 4.4% | 40.2% | 36.6% | 3.6ppts |
| Materials rate (direct materials as % of revenue) | 17.6% | 17.9% | -0.3% | 17.8% | 17.5% | 0.3ppts |
| Administrative salary rate (administrative salaries as % of revenue) | 12.3% | 12.6% | -0.3% | 12.2% | 12.8% | -0.6ppts |
| SG&A rate (SG&A expenses as % of revenue) | 4.6% | 5.2% | -0.6% | 4.8% | 5.3% | -0.5ppts |
| Number of hospitals | 7 | 7 | | 7 | 7 | |
| Number of referral hospital beds | 1,190 | 1,190 | | 1,190 | 1,190 | |
| Bed occupancy rate | 69.6% | 61.7% | 7.9% | 67.5% | 57.9% | 9.6ppts |
| Bed occupancy rate, excluding Tbilisi Referral Hospital and Regional Hospital beds | 79.2% | 65.9% | 13.3% | 76.6% | 57.9% | 18.7ppts |
| Bed occupancy rate, Regional Hospital beds | 67.2% | 62.7% | 4.5% | 66.0% | 68.1% | -2.1ppts |
| Bed occupancy rate, Tbilisi Referral Hospital beds | 44.9% | 49.5% | -4.6% | 43.2% | 48.9% | -5.7ppts |
| Average length of stay (days) | 4.8 | 5.1 | -5.6% | 4.9 | 5.3 | -7.5% |
| Average revenue per hospital bed | 196.4 | 186.9 | 5.1% | 94.8 | 89.1 | 6.4% |
| | 1,845 | 1,965 | | 1,845 | 1,965 | |
| Georgia Clinics (T2+CC) | | | | | | |
| | 2Q24 | 2Q23 | Change | HY24 | HY23 | Change |
| EBITDA margin excl. IFRS 16 | 9.6% | 14.0% | -4.4% | 10.7% | 14.2% | -3.5ppts |
| Direct salary rate (direct salary as % of revenue) | 42.4% | 40.0% | 2.4% | 40.3% | 39.4% | 0.9ppts |
| Materials rate (direct materials as % of revenue) | 16.6% | 15.6% | 1.0% | 16.3% | 15.9% | 0.4ppts |
| Administrative salary rate (administrative salaries as % of revenue) | 16.0% | 11.8% | 4.2% | 15.4% | 11.8% | 3.6ppts |
| SG&A rate (SG&A expenses as % of revenue) | 3.6% | 4.3% | -0.7% | 4.0% | 4.5% | -0.5ppts |
| Number of regional hospitals (T2) | 9 | 10 | | 9 | 10 | |
| Number of regional hospital beds | 655 | 775 | | 655 | 775 | |
| Number of community hospitals (CC) | 18 | 18 | | 18 | 18 | |
| Number of community hospital beds | 380 | 380 | | 380 | 380 | |
| Bed occupancy rate, Regional clinics | 73.1% | 50.8% | 22.3% | 74.1% | 52.2% | 21.9ppts |
| Average length of stay (days), Regional clinics | 4.2 | 4.4 | -4.5% | 4.3 | 4.7 | -9.4% |
| Average revenue per hospital bed, regional clinics and CC | 101.0 | 105.0 | -3.8% | 52.0 | 52.5 | -1.0% |
| Polyclinics | | | | | | |
| | 2Q24 | 2Q23 | Change | HY24 | HY23 | Change |
| EBITDA margin excluding IFRS 16 | 19.1% | 17.4% | 1.7% | 19.8% | 16.2% | 3.6ppts |
| Direct salary rate (direct salary as % of revenue) | 31.0% | 32.1% | -1.1% | 30.5% | 32.1% | -1.6ppts |
| Materials rate (direct materials as % of revenue) | 2.2% | 2.5% | -0.3% | 2.1% | 2.8% | -0.7ppts |
| Number of polyclinics | 18 | 18 | | 18 | 18 | |
| Diagnostics | | | | | | |
| | 2Q24 | 2Q23 | Change | HY24 | HY23 | Change |
| EBITDA margin excluding IFRS 16 | 13.2% | NMF | NMF | 12.7% | 7.1% | 5.6ppts |
| Number of patients served ('000) | 197 | 206 | -4.2% | 418 | 413 | 1.2% |
| Number of tests performed ('000) | 673 | 630 | 6.8% | 1,411 | 1,249 | 12.9% |
| Average revenue per test GEL | 8.1 | 7.6 | 6.6% | 7.7 | 8.4 | -8.3% |
| Average number of tests per patient | 3.4 | 3.1 | 9.7% | 3.4 | 2.5 | 36.0% |
| Materials rate | 34.9% | 41.0% | -6.1% | 36.6% | 40.4% | -3.9ppts |
| Salary rate | 23.2% | 25.0% | -1.8% | 23.1% | 25.3% | -2.2ppts |