



**GEORGIA
HEALTHCARE
GROUP**

2nd quarter and half-year 2022 Results

An extract from the parent company's, Georgia Capital PLC, results file. For the full version of the results release, please refer to the following link: [Georgia Capital PLC | 2Q22 & 1H22 results](#)

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FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Capital PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: regional instability; impact of COVID-19; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; and other key factors that could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in the 1H22 Result Announcement and in Georgia Capital PLC's Annual Report and Accounts 2021. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.

GHG overview

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

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

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

Below is presented the Group’s and its businesses second quarter and 1H 2022 consolidated financial results. Unless otherwise mentioned, comparatives are for the second quarter and 1H 2021. The results are based on International Financial Reporting Standards (“IFRS”) as adopted in the European Union (“EU”), are unaudited and extracted from management accounts.

Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns a 77% equity interest through GHG¹, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 35% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The pharmacy chain operates a total of 366 pharmacies, of which 358 are in Georgia, and 8 are in Armenia.

2Q22 & 1H22 performance (GEL '000), Retail (pharmacy)²

Unaudited

INCOME STATEMENT HIGHLIGHTS

	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net	192,100	199,020	-3.5%	390,902	372,817	4.9%
Of which, retail	149,739	142,923	4.8%	304,617	270,452	12.6%
Of which, wholesale	42,361	56,097	-24.5%	86,285	102,365	-15.7%
Gross Profit	55,745	49,927	11.7%	114,842	90,172	27.4%
Gross profit margin	29.0%	25.1%	3.9 ppts	29.4%	24.2%	5.2 ppts
Operating expenses (ex. IFRS 16)	(37,896)	(29,780)	27.3%	(76,376)	(56,935)	34.1%
EBITDA (ex. IFRS 16)	17,849	20,147	-11.4%	38,466	33,237	15.7%
EBITDA margin, (ex. IFRS 16)	9.3%	10.1%	-0.8 ppts	9.8%	8.9%	0.9 ppts
Net profit (ex. IFRS 16)	19,477	21,242	-8.3%	36,522	29,550	23.6%

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	18,406	16,075	14.5%	35,212	13,553	NMF
EBITDA to cash conversion	103.1%	79.8%	23.3 ppts	91.5%	40.8%	50.7 ppts
Cash flow used in investing activities³	(25,278)	(3,806)	NMF	(45,672)	(5,627)	NMF
Free cash flow, (ex. IFRS 16)⁴	(17,780)	11,808	NMF	(19,744)	6,671	NMF
Cash flow used in financing activities (ex. IFRS 16)	24,863	(12,639)	NMF	15,166	(16,321)	NMF

BALANCE SHEET HIGHLIGHTS

	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Total assets	532,014	516,303	3.0%	522,814	1.8%
Of which, cash and bank deposits	58,230	41,007	42.0%	54,616	6.6%
Of which, securities and loans issued	14,464	24,037	-39.8%	20,922	-30.9%
Total liabilities	480,294	475,523	1.0%	497,954	-3.5%
Of which, borrowings	116,126	85,769	35.4%	89,844	29.3%
Of which, lease liabilities	111,051	112,012	-0.9%	104,613	6.2%
Total equity	51,720	40,780	26.8%	24,860	NMF

INCOME STATEMENT HIGHLIGHTS

- 2Q22 total revenue (down 3.5%) reflects the recalibration of product prices due to the GEL's appreciation against the basket of foreign currencies (the FX effect is directly transmitted into the pricing as c.70% of the inventory purchases are denominated in foreign currencies).
- The 24.5% decline in the wholesale business line in 2Q22 was due to the continuing gradual transfer of hospitals business' procurement department from pharma to hospitals (which began in January 2021). This also translated into a reduction in revenue from wholesale in 1H22.
- The growth in retail revenues in both 2Q22 and 1H22 reflects improvement in economic activity and continued expansion of the pharmacy chain (adding 33 pharmacies over 12 months).
 - Retail revenue share in total revenue was 77.9% in 2Q22 and 1H22 (71.8% in 2Q21 and 72.5% in 1H21).
 - Revenue from para-pharmacy, as a percentage of retail revenue from the pharmacy, was 35.2% in 2Q22 and 34.9% in 1H22 (33.9% in 2Q21 and 34.3% in 1H21).
- Robust gross profit margins of 29.0% and 29.4% in 2Q22 and 1H22, respectively (up 3.9 ppts and 5.2 ppts y-o-y, respectively), reflect the increased sales of high-margin para-pharmacy products in the retail business line, as well as growing profitability of the wholesale business line notwithstanding the y-o-y revenue reduction.
 - Gross margin growth was supported by increased marketing activities as well as the strong economic recovery compared to 2021, when due to the increased competition and the general macro backdrop business margins were significantly subdued.
- Negative operating leverage (operating expenses up 27.3% in 2Q22 and up 34.1% in 1H22) reflects increases in salary, marketing and utility expenditures associated with the openings of new pharmacies and The Body Shop stores in Azerbaijan and Armenia. Salary expense growth also reflects the base effect impact of the state income tax subsidy for low-salary range employees which was in effect in 1H21 (the subsidy was in place from May 2020 - June 2021).
- EBITDA margins stood at 9.3% in 2Q22 (down 0.8 ppts y-o-y) and 9.8% in 1H22 (up 0.9 ppts y-o-y), exceeding the targeted 9%+ in both periods. Excluding the impact of the state income tax subsidy in 2021, EBITDA margins (excl. IFRS 16) were down 0.2 ppts in 2Q22 and up 1.6 ppts in 1H22, y-o-y.

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

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

³ Of which - capex of GEL 5.0 million in 2Q22 and GEL 13.8 million in 1H22 (GEL 4.3 million in 2Q21 and GEL 6.9 million in 1H21); acquisition of minority shares of GEL 31.2 million in 2Q22 and GEL 41.2 million in 1H22.

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

- Interest expense was down 39.9% in 2Q22 and down 38.8% in 1H22 y-o-y, due to the low average balance of net debt during the quarter.
- Overall, the business posted GEL 19.5 million net profit excluding IFRS 16 in 2Q22 and GEL 36.5 million in 1H22.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt increased at the end of the 2Q22 (up 109.6% q-o-q) to GEL 43.4 million, reflecting the payment of GEL 31.2 million to complete the buyout of a 10% minority stake (valued at GEL 41.2 million, of which GEL 10.0 million was paid in 1Q22), in line with the buyout scheme announced in 2021 (the remaining 23% minority stake to be acquired in stages through 2027).
- Strong cash flow from operating activities, in line with the enhanced revenue streams - with a 103.1% EBITDA to cash conversion ratio in 2Q22 and 91.5% in 1H22.
- Increased cash outflows from investing activities reflect a) payment to minorities to buyout a 10% minority share, as mentioned above, b) increased capex investments attributable to the implementation of a new core IT system discussed below (GEL 5.2 million in 1H22), c) launch of new projects such as new format pharmacies, The Body Shop stores in Armenia and Azerbaijan, and d) regular expansion of the chain in Georgia.

➤ OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Added 33 pharmacies over the last 12 months, 29 in Georgia and 4 in Armenia, expanding from 333 to 366 stores.
- Entered Azerbaijan market and opened the first The Body Shop store in Baku in 2Q22.
- Added a second The Body Shop store in Armenia in June 2022.
- Due to the expansion of local business as well as opening new pharmacies internationally (currently in Armenia), the business is upgrading its core IT system with SAP, which enables the company to implement a more efficient operating system for the warehouse, decrease operational risks and improve the day-to-day inventory management process. The implementation process will last approximately a year and a half, ending in June 2023, with the total estimated cost at around USD 3.2 million.
- Retail (Pharmacy)'s key operating performance highlights for 2Q22 and 1H22 are noted below:

<i>Unaudited</i>	2Q22	2Q21	Change	1H22	1H21	Change
<i>Same store revenue growth</i>	-1.6%	26.3%	<i>NMF</i>	5.0%	8.6%	-3.6 ppts
<i>Number of bills issued (mln)</i>	7.4	7.2	3.0%	15.0	13.7	9.5%
<i>Average bill size (GEL)</i>	18.7	18.5	0.9%	18.9	18.8	0.8%

Discussion of Hospitals Business Results

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

2Q22 & 1H22 performance (GEL '000), Hospitals⁵

Unaudited

INCOME STATEMENT HIGHLIGHTS

	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net ⁶	72,483	81,053	-10.6%	149,557	151,749	-1.4%
Gross Profit	26,576	32,888	-19.2%	54,353	62,540	-13.1%
Gross profit margin	36.1%	40.2%	-4.1 ppts	35.8%	40.9%	-5.1 ppts
Operating expenses (ex. IFRS 16)	(13,118)	(12,716)	3.2%	(25,805)	(23,521)	9.7%
EBITDA (ex. IFRS 16)	13,458	20,172	-33.3%	28,548	39,019	-26.8%
EBITDA margin (ex. IFRS 16)	18.3%	24.6%	-6.3 ppts	18.8%	25.5%	-6.7 ppts
Net profit (ex. IFRS 16) ⁷	1,767	10,513	-83.2%	4,784	17,156	-72.1%

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	4,027	14,855	-72.9%	14,616	18,799	-22.3%
EBITDA to cash conversion (ex. IFRS 16)	29.9%	73.6%	-43.7 ppts	51.2%	48.2%	3.0 ppts
Cash flow used in investing activities ⁸	2,375	(3,992)	NMF	1,313	(14,183)	NMF
Dividends and intersegment loans issued/received	2,817	12,137	-76.8%	999	18,441	-94.6%
Free cash flow (ex. IFRS 16) ⁹	5,637	8,208	-31.3%	14,248	1,656	NMF
Cash flow used from financing activities (ex. IFRS 16)	(25,570)	(28,274)	-9.6%	(45,899)	(44,656)	2.8%

BALANCE SHEET HIGHLIGHTS

	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Total assets	610,602	642,241	-4.9%	658,071	-7.2%
Of which, cash balance and bank deposits	15,958	33,625	-52.5%	46,131	-65.4%
Of which, securities and loans issued	11,120	12,763	-12.9%	11,678	-4.8%
Total liabilities	247,151	275,377	-10.2%	293,428	-15.8%
Of which, borrowings	185,298	210,521	-12.0%	223,433	-17.1%
Total equity	363,451	366,864	-0.9%	364,643	-0.3%

KEY POINTS

Over the course of the last two years, the hospitals business was actively engaged in supporting the COVID-19 pandemic response in Georgia and had mobilised 7 hospitals to receive COVID patients, with a total aggregate number of c.800 beds across the country. The Government of Georgia fully reimbursed costs associated with COVID-19 treatments and paid a fixed fee amount per bed designated for COVID patients. As the COVID cases declined substantially in Georgia starting from 2022, the Government suspended the COVID contracts with hospitals in mid-March 2022. Restructuring the cost base of COVID hospitals, and phasing out from Government contracts, temporarily suppressed the business margins in 2Q22 and 1H22.

INCOME STATEMENT HIGHLIGHTS

- As anticipated, after coming out from the COVID period, 2Q22 revenue was down 10.6% y-o-y (down 1.4% y-o-y in 1H22), reflecting a decrease in the number of admissions and occupancy rate. After a transition period the business expects a return to normal and a rebounding trend in top-line growth in the coming quarters.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates¹⁰:
 - Building its own procurement department for hospitals as well as phasing from COVID, translated into an improved materials rate of 18.4% in 2Q22 (21.5% in 2Q21) and 19.1% in 1H22 (20.6% in 1H21).
 - Due to the lower base effect resulting from the state income tax subsidy for low salary range employees in effect during 1H21, as well as the suspension of COVID hospitals' contracts in March (COVID hospitals had mainly a fixed direct salary structure), the direct salary rate was up 6.0 ppts to 36.1% in 2Q22 and up 5.1 ppts to 35.2% in 1H22. After restructuring the COVID hospitals to a normal operating level, the salary rate is expected to stabilise over the next few quarters.
 - Utilities and other costs were up in 2022, mainly resulting from increased tariffs on utilities, as well as globally increased fuel prices.
- As a result, the gross margins were down 4.1 ppts and 5.1 ppts in 2Q22 and 1H22 respectively. Adjusted for the impact of the state income tax subsidy, the gross profit margin was down 1.9 ppts in 2Q22 and 2.8 ppts in 1H22 y-o-y.
- Negative operating leverage reflects the increases in:

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

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

⁷ 2Q22 and 1H22 numbers are adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.

⁸ Of which - capex of GEL 5.3 million in 2Q22 and GEL 9.1 million in 1H22 (GEL 6.6 million in 2Q21 and GEL 10.9 million in 1H21); payment of holdback of GEL 6.2 million in 1H22; and proceeds from sale of PPE/subsidiary of GEL 6.9 million in 2Q22 and GEL 8.7 million in 1H22.

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

¹⁰ The respective costs divided by gross revenues.

- Administrative salary expense during the quarter, up 1.0% in 2Q22 and up 6.0% in 1H22 y-o-y, which was in line with the organic growth of the hospitals business; and
- General and administrative expenses (excl. IFRS 16), up 32.8% in 2Q22 and up 30.8% in 1H22, mainly reflecting increased marketing costs due to the promotion of the new products and services to get back on track after phasing out from COVID programmes.
- The increased cost base in 1H22 resulted in the reduced EBITDA (excl. IFRS 16) and EBITDA margins (down 6.3 ppts in 2Q22 and down 6.7 ppts in 1H22 y-o-y). Reduced EBITDA margins (excl. IFRS 16), also reflect the base effect of the state income tax subsidy in 2Q21 and 1H21 (GEL c.1.7 million and c.3.5 million impact in 2Q21 and 1H21, respectively); Excluding the impact of state income tax subsidy, EBITDA margins (excl. IFRS 16) were down by 4.2 ppts in 2Q22 and by 4.4 ppts in 1H22, y-o-y.
- Increased interest rates (NBG refinancing rate up 1.5 ppts in the last twelve months) led to an increase in net interest expense (excl. IFRS 16) in 2Q22 and 1H22, up by 13.7% in 2Q22 and by 15.0% in 1H22 y-o-y.
- Overall, the business posted GEL 1.8 million net profit excluding IFRS 16 in 2Q22 and GEL 4.8 million in 1H22.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Cash flow from operating activities (excl. IFRS 16) was down in 2Q22, due to the phasing out of Government COVID programmes, the payment term of which was payable within a month of origination, while the universal healthcare coverage ("UHC") collection period is around four months. The transition period resulted in a weak cash collection period for the quarter with a 29.9% EBITDA to cash conversion rate (excl. IFRS 16) in 2Q22, which is anticipated to recover over the next few quarters.
- Capex investment was GEL 5.3 million in 2Q22 and GEL 9.1 million in 1H22, mainly reflecting maintenance capex.
- Net debt was at GEL 158.2 million as of 30-Jun-22 (down 3.6% q-o-q), reflecting the currency movements.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- In April 2022, the hospitals business sold 100% equity interest in one of the low ROIC generating hospitals – Traumatology Hospital, for US\$ 2.9 million. The transaction is in line with the business strategy to divest from low ROIC generating assets. The divestment improves the hospitals business' ROIC by 20 bps.
- Suspension of government contracts also translated into a reduction in occupancy rates and the number of admissions. The business key operating performance highlights for 2Q22 and 1H22 are noted below:

<i>Unaudited</i>	2Q22	2Q21	Change	1H22	1H21	Change
<i>Occupancy rate</i>	57.9%	66.2%	-8.3 ppts	59.9%	62.0%	-2.1 ppts
<i>Number of admissions (thousands)</i>	301.7	314.9	-4.2%	616.4	550.0	12.1%

Discussion of Medical Insurance Business Results

Medical Insurance is the country's largest private health insurer, with a 22.5% market share based on FY21 net insurance premiums. Medical Insurance offers a variety of health insurance products primarily to corporate and (selectively) to state entities and also to retail clients in Georgia.

2Q22 & 1H22 performance (GEL '000), Medical Insurance

Unaudited

INCOME STATEMENT HIGHLIGHTS

	2Q22	2Q21	Change	1H22	1H21	Change
Earned premiums, net	18,024	17,926	0.5%	35,481	35,197	0.8%
Net underwriting profit	1,345	2,010	-33.1%	3,688	5,121	-28.0%
Net investment profit	1,110	704	57.7%	1,877	1,413	32.8%
Net profit	(184)	168	NMF	220	1,400	-84.3%

CASH FLOW HIGHLIGHTS

Net cash flows from operating activities	426	(125)	NMF	(940)	1,025	NMF
Free cash flow	160	(260)	NMF	(1,304)	858	NMF

BALANCE SHEET HIGHLIGHTS

	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change
Total assets	97,999	100,475	-2.5%	78,822	24.3%
Total equity	33,265	33,425	-0.5%	32,230	3.2%

VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The number of insured clients was c.160,000 as of 30-June-22, down 4.9% y-o-y, reflecting price increases for insurance policies implemented by the business.
- The insurance renewal rate was also down 6.4 pts to 70.5% in 2Q22 and down 3.6 pts to 70.5% in 1H22.
- Various incentives such as the direct settlement of claims with the provider mean that, on top of its own contribution to GHG's profitability (which was slightly negative in 2Q22), the medical insurance business plays a feeder role in originating and directing patients to GHG's healthcare facilities, mainly to polyclinics and to pharmacies but to a lesser extent also to hospitals. Direct settlement improves claims retention rates within GHG.

Unaudited

Claims retention rates	2Q22	2Q21	Change	1H22	1H21	Change
Total claims retained within the GHG	38.9%	36.5%	2.4 ppts	37.5%	36.2%	1.3 ppts
Total claims retained in outpatient	43.0%	36.4%	6.6 ppts	40.3%	37.6%	2.7 ppts

INCOME STATEMENT HIGHLIGHTS

- The modest c.1% y-o-y increase in 2022 earned premiums net, reflects the combined effect of an increase in the price of insurance policies (c.5%) and a decrease in the number of insured clients for the same period.
- In 1H22, the net claims expenses were GEL 30.1 million (up 5.6% y-o-y), of which GEL 12.9 million (42.9% of total) was inpatient, GEL 11.2 million (37.2 % of total) was outpatient and GEL 6.0 million (19.9% of total) was related to pharmaceuticals.
- A rebounding trend in elective healthcare services, compared to patient footprint slowdown at healthcare facilities last year due to the pandemic, as well as increased claims in the first two quarters of 2022, resulted in an increased loss ratio, being up 3.5 ppts to 87.5% in 2Q22 and up 3.8 ppts to 84.8% in 1H22.
- As a result, the combined ratio increased by 4.8 ppts y-o-y to 106.7% for the quarter and by 4.8 ppts to 103.8% for the half year.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The operating cash flow decline in 1H22 is associated with the state prepaying insurance policy fees on some of its largest contracts in 4Q21 in the preceding quarter and a corresponding decrease in 1Q22.

Discussion of Clinics and Diagnostics Business Results

The clinics and diagnostics business, where GCAP owns a 100% equity interest through GHG, is the second largest healthcare market participant in Georgia after our hospitals business. The business comprises two segments: 1) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient services); 17 polyclinics (providing outpatient diagnostic and treatment services) and 18 lab retail points at GPC pharmacies; 2) Diagnostics, operating the largest laboratory in the entire Caucasus region – “Mega Lab”.

2Q22 & 1H22 performance (GEL '000), Clinics and Diagnostics¹¹

Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net¹²	17,795	22,644	-21.4%	43,723	42,260	3.5%
Of which, clinics	15,188	16,613	-8.6%	34,795	31,919	9.0%
Of which, diagnostics	3,937	7,645	-48.5%	11,765	13,192	-10.8%
Of which, inter-business eliminations	(1,330)	(1,614)	-17.6%	(2,837)	(2,851)	-0.5%
Gross Profit	7,546	11,176	-32.5%	17,999	19,830	-9.2%
Gross profit margin	42.2%	49.0%	-6.8 ppts	41.0%	46.7%	-5.7 ppts
Operating expenses (ex. IFRS 16)	(5,247)	(5,115)	2.6%	(10,980)	(9,553)	14.9%
EBITDA (ex. IFRS 16)	2,299	6,061	-62.1%	7,019	10,277	-31.7%
EBITDA margin (ex. IFRS 16)	12.9%	26.6%	-13.7 ppts	16.0%	24.2%	-8.2 ppts
Net (loss)/profit (ex. IFRS 16)	(1,230)	3,234	NMF	352	4,311	-91.8%
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	1,712	3,730	-54.1%	2,788	4,083	-31.7%
EBITDA to cash conversion (ex. IFRS 16)	74.5%	61.5%	13.0 ppts	39.7%	39.7%	NMF
Cash flow from/used in investing activities	(4,000)	(2,406)	66.3%	(6,442)	(3,899)	65.2%
Free cash flow (ex. IFRS 16)¹³	(2,325)	1,437	NMF	(3,638)	264	NMF
Cash flow from financing activities (ex. IFRS 16)	440	(11,209)	NMF	(903)	(2,983)	-69.7%
BALANCE SHEET HIGHLIGHTS	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change	
Total assets	187,735	184,281	1.9%	178,592	5.1%	
Of which, cash balance and bank deposits	1,719	3,595	-52.2%	6,292	-72.7%	
Of which, securities and loans issued	3,564	3,643	-2.2%	3,699	-3.6%	
Total liabilities	88,211	84,278	4.7%	80,613	9.4%	
Of which, borrowings	55,265	51,062	8.2%	50,854	8.7%	
Total equity	99,524	100,003	-0.5%	97,979	1.6%	

Discussion of results, Clinics

KEY POINTS

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

GEL '000 (unaudited)

INCOME STATEMENT HIGHLIGHTS	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net¹⁴	15,188	16,613	-8.6%	34,795	31,919	9.0%
Gross Profit	6,763	7,621	-11.3%	14,940	14,642	2.0%
Gross profit margin	44.3%	45.5%	-1.2 ppts	42.7%	45.5%	-2.8 ppts
Operating expenses (ex. IFRS 16)	(4,349)	(4,052)	7.3%	(8,881)	(7,854)	13.1%
EBITDA (ex. IFRS 16)	2,414	3,569	-32.4%	6,059	6,788	-10.7%
EBITDA margin (ex. IFRS 16)	15.8%	21.3%	-5.5 ppts	17.3%	21.1%	-3.8 ppts
Net (loss)/profit (ex. IFRS 16)	(808)	1,092	NMF	24	1,498	-98.4%
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	2,146	3,304	-35.0%	3,569	5,411	-34.0%
EBITDA to cash conversion (ex. IFRS 16)	88.9%	92.6%	-3.7 ppts	58.9%	79.7%	-20.8 ppts
Cash flow used in investing activities¹⁵	(3,728)	(1,798)	NMF	(5,831)	(2,908)	NMF
Free cash flow (ex. IFRS 16)¹⁶	(1,602)	1,475	NMF	(2,209)	2,376	NMF
Cash flow from financing activities (ex. IFRS 16)	778	(11,329)	NMF	(257)	(2,943)	-91.3%
BALANCE SHEET HIGHLIGHTS	30-Jun-22	31-Mar-22	Change	31-Dec-21	Change	
Total assets	160,024	152,842	4.7%	147,368	8.6%	
Of which, cash balance and bank deposits	613	1,447	-57.6%	3,149	-80.5%	
Of which, securities and loans issued	3,823	3,897	-1.9%	3,947	-3.1%	
Total liabilities	80,702	73,587	9.7%	69,387	16.3%	
Of which, borrowings	51,228	46,766	9.5%	46,417	10.4%	
Total equity	79,322	79,255	0.1%	77,981	1.7%	

¹¹ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

¹² Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.

¹³ Operating cash flows less capex.

¹⁴ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

¹⁵ Of which – capex of GEL 3.7 million in 2Q22 and GEL 5.8 million in 1H22 (GEL 1.8 million in 2Q21 and GEL 3.0 million in 1H21).

¹⁶ Operating cash flows less capex.

INCOME STATEMENT HIGHLIGHTS

- In 2Q22 revenues were down due to the decreased traffic at polyclinics and clinics, as a result of the suspension of COVID contracts in March 2022. Top line growth is expected to rebound over the next few quarters, as the business passes through the COVID transition period.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates¹⁷.
 - The materials rate remained well-controlled at 7.0% in 2Q22 (8.8% in 2Q21) and 9.9% in 1H22 (9.6% in 1H21).
 - Due to the low base effect from the expiration of the state income tax subsidy that was in effect in 1H21, coupled with the opening of a new polyclinic and the suspension of the COVID clinics' contracts in March (COVID clinics had mainly a fixed direct salary structure), the direct salary rate was up 8.1 ppts to 37.1% in 2Q22 and up 5.6 ppts to 33.9% in 1H22, y-o-y. After restructuring the COVID clinics to a normal operating level, the salary rate is expected to stabilise in the coming quarters.
- As a result, gross profit margins of the clinics business were down by 1.2 ppts in 2Q22 and by 2.8 ppts 1H22, y-o-y. Adjusted for the impact of state income tax subsidy, the gross profit margin was up 2.1 ppts in 2Q22 and 0.6 ppts in 1H22, y-o-y.
- Operating expenses (excl. IFRS 16), mainly comprising of salaries and other employee benefits (up 7.5% in 2Q22 and up 14.2% in 1H22, y-o-y) and general and administrative expenses (excl. IFRS 16) (down 3.1% in 2Q22 and up 9.5% in 1H22, y-o-y), were up in 2022 mainly due to the increased cost structure for COVID clinics and the expansion of the business.
- As a result, business EBITDA margins (excl. IFRS 16) were down in both reporting periods (down 5.5 ppts in 2Q22 and down 3.8 ppts in 1H22). Excluding the impact of the absence of the state income tax subsidy, EBITDA margins (excl. IFRS 16) in 1H22 were down 2.2 ppts in 2Q22 and down 0.4 ppts in 1H22, y-o-y.
- The increase in net debt position (up 13.0% q-o-q) to GEL 46.8 million due to the opening of new polyclinics, coupled with increased interest rates on the market led to an increase in net interest expense (excl. IFRS 16), up 28.9% in 2Q22 and up 28.6% in 1H22, y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- In 2Q22, the business posted an 88.9% EBITDA to cash conversion ratio, demonstrating a strong rebound from a weak 1Q22 in terms of operating cash (1Q22 was impacted by the reimbursement of most of the payables by the Government in 4Q21).
- The business spent GEL 5.8 million on capex in 1H22, of which GEL 1.1 million was maintenance capex and GEL 4.7 million was growth capex, primarily related to the opening of two new polyclinics in Tbilisi.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Apart from community clinics, our polyclinics were also affected due to the reduced traffic for COVID services, such as COVID tests and vaccinations in 2Q22:

<i>Unaudited</i>	2Q22	2Q21	Change	1H22	1H21	Change
Number of admissions (thousands)	497.5	565.1	-12.0%	1,136.1	1,022.3	11.1%

- The number of registered patients in Tbilisi increased by c.22,000 y-o-y to c.264,000 and by c.32,000 y-o-y to c.601,000 across the country as of 30-Jun-22.

Discussion of results, Diagnostics

GEL '000 (unaudited)

INCOME STATEMENT HIGHLIGHTS

	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, net¹⁸	3,937	7,645	-48.5%	11,765	13,192	-10.8%
Of which, from COVID-19 tests	718	3,778	-81.0%	4,874	6,487	-24.9%
Of which, from regular lab tests	3,219	3,867	-16.8%	6,891	6,705	2.8%
Gross Profit	783	3,555	-78.0%	3,053	5,188	-41.2%
Gross profit margin	19.9%	46.5%	-26.6 ppts	25.9%	39.3%	-13.4 ppts
Operating expenses (ex. IFRS 16)	(898)	(1,063)	-15.5%	(2,093)	(1,699)	23.2%
EBITDA (ex. IFRS 16)	(115)	2,492	NMF	960	3,489	-72.5%
EBITDA margin (ex. IFRS 16)	-2.9%	32.6%	-35.5 ppts	8.2%	26.4%	-18.2 ppts
Net (loss)/profit (ex. IFRS 16)	(422)	2,142	NMF	328	2,813	-88.3%

¹⁷ The respective costs divided by gross revenues.¹⁸ Net revenue – Gross revenue less corrections and rebates.

INCOME STATEMENT HIGHLIGHTS

- The diagnostics segment apart from regular diagnostics services was also actively engaged in COVID-19 testing.
- A 50% y-o-y decrease in 2Q22 revenue reflects a significantly reduced number of COVID cases in the country and the suspension of Government contracts from March 2022.
- As a result, the gross profit and EBITDA were reduced substantially.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- From March 2022, the Government has suspended the contracts with laboratories for COVID tests.
- The business opened a retail collection point in 2Q22 and another one in July 2022. As a result, the total number of retail branches reached five. The launch of the retail points will bring in additional revenue from regular lab tests as well as attract business-to-business (B2B) contracts.
- The key operating performance highlights for 2Q22 and 1H22 are noted below:

<i>Unaudited</i>	2Q22	2Q21	Change	1H22	1H21	Change
<i>Number of tests performed (thousands)</i>	539	641	-15.9%	1,298	1,175	10.5%
<i>Average revenue per test (GEL)</i>	7.3	11.9	-38.8%	9.1	11.2	-19.3%

SELECTED FINANCIAL INFORMATION – Retail (Pharmacy)

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	2Q22	2Q21	Change	1H22	1H21	Change
Revenue	192,100	199,020	-3.5%	390,902	372,817	4.9%
Costs of services	(136,355)	(149,093)	-8.5%	(276,060)	(282,645)	-2.3%
Cost of pharma – wholesale	(31,466)	(46,889)	-32.9%	(64,492)	(86,256)	-25.2%
Cost of pharma - retail	(104,889)	(102,204)	2.6%	(211,568)	(196,389)	7.7%
Gross profit	55,745	49,927	11.7%	114,842	90,172	27.4%
Gross profit margin	29.0%	25.1%	+3.9 ppts	29.4%	24.2%	+5.2 ppts
Salaries and other employee benefits	(19,565)	(14,512)	34.8%	(39,680)	(27,177)	46.0%
General and administrative expenses	(10,933)	(8,770)	24.7%	(22,001)	(17,089)	28.7%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(18,032)</i>	<i>(15,266)</i>	<i>18.1%</i>	<i>(36,316)</i>	<i>(29,838)</i>	<i>21.7%</i>
Impairment of receivables	(32)	(29)	10.3%	(142)	(38)	NMF
Other operating income	(267)	27	NMF	(238)	118	NMF
EBITDA	24,948	26,643	-6.4%	52,781	45,986	14.8%
EBITDA excluding IFRS 16	17,849	20,147	-11.4%	38,466	33,237	15.7%
EBITDA margin excluding IFRS 16	9.3%	10.1%	-0.8 ppts	9.8%	8.9%	0.9 ppts
Depreciation and amortization	(7,510)	(6,258)	20.0%	(15,114)	(12,102)	24.9%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(1,661)</i>	<i>(1,250)</i>	<i>32.9%</i>	<i>(3,218)</i>	<i>(2,415)</i>	<i>33.3%</i>
Net interest income (expense)	(3,328)	(3,922)	-15.1%	(6,621)	(7,712)	-14.1%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(1,351)</i>	<i>(2,249)</i>	<i>-39.9%</i>	<i>(2,756)</i>	<i>(4,502)</i>	<i>-38.8%</i>
Net gains/(losses) from foreign currencies	9,243	10,733	-13.9%	9,829	7,250	35.6%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>5,145</i>	<i>5,310</i>	<i>-3.1%</i>	<i>5,775</i>	<i>4,367</i>	<i>32.2%</i>
Net non-recurring income/(expense)	(31)	(344)	-91.0%	(847)	(394)	NMF
Net profit before income tax expense	23,322	26,852	-13.1%	40,028	33,028	21.2%
Income tax benefit/(expense)	(474)	(372)	27.4%	(898)	(743)	20.9%
Net profit for the period	22,848	26,480	-13.7%	39,130	32,285	21.2%
Attributable to:						
- shareholders of the Company	15,138	17,073	-11.3%	25,205	20,507	22.9%
- non-controlling interests	7,710	9,407	-18.0%	13,925	11,778	18.2%
Net profit for the period excluding IFRS 16	19,477	21,242	-8.3%	36,522	29,550	23.6%
Attributable to:						
- shareholders of the Company	12,879	13,564	-5.1%	23,458	18,675	25.6%
- non-controlling interests	6,598	7,678	-14.1%	13,064	10,875	20.1%
STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	2Q22	2Q21	Change	1H22	1H21	Change
Cash flows from operating activities						
Revenue received	189,921	188,561	0.7%	383,356	355,740	7.8%
Cost of services paid	(130,268)	(141,454)	-7.9%	(272,998)	(286,749)	-4.8%
Gross profit received	59,653	47,107	26.6%	110,358	68,991	60.0%
Salaries paid	(22,324)	(15,350)	45.4%	(37,342)	(25,682)	45.4%
General and administrative expenses paid	(11,614)	(9,299)	24.9%	(23,374)	(17,172)	36.1%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(18,713)</i>	<i>(15,795)</i>	<i>18.5%</i>	<i>(37,689)</i>	<i>(29,921)</i>	<i>26.0%</i>
Other operating income/(expense) and tax paid	277	257	7.8%	680	566	20.1%
Net cash flows from operating activities before income tax	25,992	22,715	14.4%	50,322	26,703	88.5%
Income tax paid	(487)	(144)	NMF	(795)	(401)	98.3%
Net cash flows from operating activities	25,505	22,571	13.0%	49,527	26,302	88.3%
Net cash flows from operating activities, excluding IFRS 16	18,406	16,075	14.5%	35,212	13,553	NMF
Cash flows from investing activities						
Cash outflow on Capex	(5,000)	(4,267)	17.2%	(13,770)	(6,882)	NMF
Acquisition of subsidiaries/payments of holdback	(31,186)	-	NMF	(41,186)	-	NMF
Interest income received	2,318	726	NMF	3,470	1,137	NMF
Intersegment loans issued proceeds from other investing activities	8,590	(265)	NMF	5,814	118	NMF
Net cash flow from investing activities	(25,278)	(3,806)	NMF	(45,672)	(5,627)	NMF
Cash flows from financing activities						
Payment of dividends	(3,265)	(7,253)	-55.0%	(6,163)	(14,667)	-58.0%
Payment of finance lease liabilities	(5,120)	(4,823)	6.2%	(10,448)	(9,539)	9.5%
Interest expense paid on finance lease	(1,979)	(1,673)	18.3%	(3,867)	(3,210)	20.5%
Increase/(decrease) in borrowings	30,922	(4,477)	NMF	26,585	(234)	NMF
Interest expense paid	(2,794)	(909)	NMF	(5,256)	(1,420)	NMF
Net cash flows from financing activities	17,764	(19,135)	NMF	851	(29,070)	NMF
Net cash flows from financing activities, excluding IFRS 16	24,863	(12,639)	NMF	15,166	(16,321)	NMF
Effect of exchange rates changes on cash and cash equivalents	(768)	(1,290)	-40.5%	(1,092)	(829)	31.7%
Net increase/(decrease) in cash and cash equivalents	17,223	(1,660)	NMF	3,614	(9,224)	NMF
Cash and bank deposits, beginning	41,007	29,292	40.0%	54,616	36,856	48.2%
Cash and bank deposits, ending	58,230	27,632	NMF	58,230	27,632	NMF

SELECTED FINANCIAL INFORMATION – Pharmacy and Distribution, *continued***BALANCE SHEET***GEL thousands, unless otherwise noted*

	Jun-22	Mar-22	Change	Dec-21
Cash and bank deposits	58,230	41,007	42.0%	54,616
Securities and loans issued	14,464	24,037	-39.8%	20,922
Receivables from sale of pharmaceuticals	45,146	57,822	-21.9%	59,113
Property and equipment	49,412	46,047	7.3%	44,020
Right of use assets	102,029	99,545	2.5%	92,653
Goodwill and other intangible assets	55,782	55,885	-0.2%	54,453
Inventory	192,677	179,416	7.4%	191,371
Prepayments	12,064	10,778	11.9%	5,186
Other assets	2,210	1,766	25.1%	480
Total assets	532,014	516,303	3.0%	522,814
Borrowed Funds	116,126	85,769	35.4%	89,844
Lease liabilities	111,051	112,012	-0.9%	104,613
Accounts payable	148,556	147,258	0.9%	166,562
Other liabilities	104,561	130,484	-19.9%	136,935
Total liabilities	480,294	475,523	1.0%	497,954
Total shareholders' equity	51,720	40,780	26.8%	24,860

SELECTED FINANCIAL INFORMATION – Hospitals

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>						
	2Q22	2Q21	Change	1H22	1H21	Change
Revenue, gross	73,600	81,911	-10.1%	152,036	153,065	-0.7%
Corrections & rebates	(1,117)	(858)	30.2%	(2,479)	(1,316)	88.4%
Revenue, net	72,483	81,053	-10.6%	149,557	151,749	-1.4%
Costs of services	(45,907)	(48,165)	-4.7%	(95,204)	(89,209)	6.7%
Cost of salaries and other employee benefits	(26,550)	(24,641)	7.7%	(53,554)	(46,130)	16.1%
Cost of materials and supplies	(13,543)	(17,633)	-23.2%	(28,999)	(31,566)	-8.1%
Cost of medical service providers	(1,298)	(1,912)	-32.1%	(2,869)	(3,566)	-19.5%
Cost of utilities and other	(4,516)	(3,979)	13.5%	(9,782)	(7,947)	23.1%
Gross profit	26,576	32,888	-19.2%	54,353	62,540	-13.1%
Gross profit margin	36.1%	40.2%	-4.1 ppts	35.8%	40.9%	-5.1 ppts
Salaries and other employee benefits	(9,447)	(9,350)	1.0%	(18,876)	(17,806)	6.0%
General and administrative expenses	(3,919)	(2,979)	31.6%	(6,705)	(5,202)	28.9%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(4,118)</i>	<i>(3,100)</i>	<i>32.8%</i>	<i>(7,307)</i>	<i>(5,586)</i>	<i>30.8%</i>
Impairment of receivables	(1,120)	(937)	19.5%	(2,305)	(1,728)	33.4%
Other operating income	1,567	671	NMF	2,683	1,599	67.8%
EBITDA	13,657	20,293	-32.7%	29,150	39,403	-26.0%
EBITDA excluding IFRS 16	13,458	20,172	-33.3%	28,548	39,019	-26.8%
EBITDA margin excluding IFRS 16	18.3%	24.6%	-6.3 ppts	18.8%	25.5%	-6.7 ppts
Depreciation and amortization	(7,632)	(6,377)	19.7%	(15,092)	(12,606)	19.7%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(6,935)</i>	<i>(6,183)</i>	<i>12.2%</i>	<i>(13,926)</i>	<i>(12,217)</i>	<i>14.0%</i>
Net interest income (expense)	(4,994)	(4,354)	14.7%	(9,650)	(8,369)	15.3%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(4,899)</i>	<i>(4,310)</i>	<i>13.7%</i>	<i>(9,516)</i>	<i>(8,278)</i>	<i>15.0%</i>
Net gains/(losses) from foreign currencies	1,224	3,018	-59.4%	1,161	1,355	-14.3%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>879</i>	<i>2,822</i>	<i>-68.9%</i>	<i>819</i>	<i>1,272</i>	<i>-35.6%</i>
Net non-recurring income/(expense)	(3,442)	(1,988)	73.1%	(3,847)	(2,640)	45.7%
Net (loss)/profit before income tax expense	(1,187)	10,592	NMF	1,722	17,143	-90.0%
Income tax benefit/(expense)	-	-	NMF	-	-	NMF
Net (loss)/profit for the period	(1,187)	10,592	NMF	1,722	17,143	-90.0%
Attributable to:						
- shareholders of the Company	(1,679)	9,888	NMF	792	15,991	-95.0%
- non-controlling interests	492	704	-30.1%	930	1,152	-19.3%
Net (loss)/profit for the period excluding IFRS 16	(939)	10,513	NMF	2,078	17,156	-87.9%
Attributable to:						
- shareholders of the Company	(1,431)	9,809	NMF	1,148	16,004	-92.8%
- non-controlling interests	492	704	-30.1%	930	1,152	-19.3%

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>						
	2Q22	2Q21	Change	1H22	1H21	Change
Cash flows from operating activities						
Revenue received	74,086	70,682	4.8%	151,501	129,214	17.2%
Cost of services paid	(49,855)	(42,134)	18.3%	(102,263)	(85,789)	19.2%
Gross profit received	24,231	28,548	-15.1%	49,238	43,425	13.4%
Salaries paid	(12,642)	(8,949)	41.3%	(21,109)	(15,831)	33.3%
General and administrative expenses paid	(6,577)	(3,708)	77.4%	(11,665)	(6,982)	67.1%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(6,776)</i>	<i>(3,829)</i>	<i>77.0%</i>	<i>(12,267)</i>	<i>(7,366)</i>	<i>66.5%</i>
Other operating income/(expense) and tax paid	(768)	(875)	-12.2%	(1,210)	(1,383)	-12.5%
Net cash flows from operating activities before income tax	4,244	15,016	-71.7%	15,254	19,229	-20.7%
Income tax paid	(18)	(40)	-55.0%	(36)	(46)	-21.7%
Net cash flows from operating activities	4,226	14,976	-71.8%	15,218	19,183	-20.7%
Net cash flows from operating activities, excluding IFRS 16	4,027	14,855	-72.9%	14,616	18,799	-22.3%
Cash flows from investing activities						
Cash outflow on Capex	(5,293)	(6,647)	-20.4%	(9,089)	(10,925)	-16.8%
Acquisition of subsidiaries/payments of holdback	-	-	NMF	-	(6,218)	NMF
Interest income received	765	2,655	-71.2%	1,681	2,960	-43.2%
Proceeds from sale of associate/subsidiary	6,903	-	NMF	8,721	-	NMF
Dividends and intersegment loans issued/received	2,817	12,137	-76.8%	999	18,441	-94.6%
Net cash flow from investing activities	5,192	8,145	-36.3%	2,312	4,258	-45.7%
Cash flows from financing activities						
Payment of dividends	-	(16)	NMF	(1,606)	(211)	NMF
Purchase of treasury shares	(47)	-	NMF	(821)	(5,020)	-83.6%
Payment of finance lease liabilities	(104)	(77)	35.1%	(468)	(293)	59.7%
Interest expense paid on finance lease	(95)	(44)	NMF	(134)	(91)	47.3%
Increase/(decrease) in borrowings	(22,066)	(22,150)	-0.4%	(33,198)	(23,709)	40.0%
Interest expense paid	(3,457)	(6,108)	-43.4%	(10,274)	(15,716)	-34.6%
Net cash flows from financing activities	(25,769)	(28,395)	-9.2%	(46,501)	(45,040)	3.2%
Net cash flows from financing activities, excluding IFRS 16	(25,570)	(28,274)	-9.6%	(45,899)	(44,656)	2.8%
Effect of exchange rates changes on cash and cash equivalents	(1,316)	(1,974)	-33.4%	(1,202)	(1,396)	-13.8%
Net increase/(decrease) in cash and cash equivalents	(17,667)	(7,248)	NMF	(30,173)	(22,995)	31.2%
Cash and bank deposits, beginning	33,625	71,645	-53.1%	46,131	87,392	-47.2%
Cash and bank deposits, ending	15,958	64,397	-75.2%	15,958	64,397	-75.2%

SELECTED FINANCIAL INFORMATION – Hospitals, *continued*

BALANCE SHEET					
<i>GEL thousands, unless otherwise noted</i>	Jun-22	Mar-22	Change	Dec-21	Change
Cash and bank deposits	15,958	33,625	-52.5%	46,131	-65.4%
Receivables from healthcare services	94,162	93,326	0.9%	94,065	0.1%
Property and equipment	391,443	400,755	-2.3%	403,062	-2.9%
Right of use assets	5,182	1,757	NMF	2,435	NMF
Goodwill and other intangible assets	51,914	54,725	-5.1%	54,728	-5.1%
Inventory	20,105	21,792	-7.7%	23,869	-15.8%
Prepayments	5,770	6,768	-14.7%	5,317	8.5%
Other assets	26,068	29,493	-11.6%	28,464	-8.4%
<i>Of which, securities and intercompany loans</i>	<i>11,120</i>	<i>12,763</i>	<i>-12.9%</i>	<i>11,678</i>	<i>-4.8%</i>
Total assets	610,602	642,241	-4.9%	658,071	-7.2%
Borrowed Funds	185,298	210,521	-12.0%	223,433	-17.1%
Accounts payable	24,362	26,796	-9.1%	33,648	-27.6%
Other liabilities	37,491	38,060	-1.5%	36,347	3.1%
Total liabilities	247,151	275,377	-10.2%	293,428	-15.8%
Total shareholders' equity attributable to:	363,451	366,864	-0.9%	364,643	-0.3%
Shareholders of the Company	333,878	337,774	-1.2%	335,973	-0.6%
Non-controlling interest	29,573	29,090	1.7%	28,670	3.1%

SELECTED FINANCIAL INFORMATION – Medical Insurance

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	2Q22	2Q21	Change	1H22	1H21	Change
Gross premiums written	10,913	9,255	17.9%	48,605	46,421	4.7%
Earned premiums, gross	18,261	17,959	1.7%	35,947	35,286	1.9%
Earned premiums, net	18,024	17,926	0.5%	35,481	35,197	0.8%
Insurance claims expenses, gross	(15,857)	(15,055)	5.3%	(30,177)	(28,441)	6.1%
Insurance claims expenses, net	(15,774)	(15,055)	4.8%	(30,093)	(28,506)	5.6%
Acquisition costs, net	(905)	(861)	5.1%	(1,700)	(1,570)	8.3%
Net underwriting profit	1,345	2,010	-33.1%	3,688	5,121	-28.0%
Investment income	1,083	708	53.0%	1,826	1,422	28.4%
Net fee and commission income	27	(4)	NMF	51	(9)	NMF
Net investment profit	1,110	704	57.7%	1,877	1,413	32.8%
Salaries and employee benefits	(1,492)	(1,328)	12.3%	(2,978)	(2,780)	7.1%
Selling, general and administrative expenses	(515)	(425)	21.2%	(967)	(783)	23.5%
Depreciation & Amortisation	(541)	(370)	46.2%	(929)	(737)	26.1%
Impairment charges	16	(205)	NMF	(125)	(419)	-70.2%
Net other operating income	(22)	(25)	-12.0%	(40)	(37)	8.1%
Operating profit	(99)	361	NMF	526	1,778	-70.4%
Foreign exchange (loss)/gain	311	115	NMF	440	298	47.7%
Interest expense	(430)	(146)	NMF	(583)	(283)	NMF
Non-recurring expenses	-	(45)	NMF	(67)	(45)	48.9%
Pre-tax (loss)/profit	(218)	285	NMF	316	1,748	-81.9%
Income tax expense	34	(117)	NMF	(96)	(348)	-72.4%
Net (loss)/profit	(184)	168	NMF	220	1,400	-84.3%
STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	2Q22	2Q21	Change	1H22	1H21	Change
Insurance premium received	18,439	17,457	5.6%	33,498	32,366	3.5%
Reinsurance premium paid	(33)	(91)	-63.7%	(383)	(123)	NMF
Insurance benefits and claims paid	(15,148)	(14,279)	6.1%	(29,604)	(26,146)	13.2%
Reinsurance claims received	19	-	NMF	24	-	NMF
Acquisition costs paid	(697)	(544)	28.1%	(1,151)	(972)	18.4%
Salaries and benefits paid	(1,980)	(2,283)	-13.3%	(3,114)	(3,363)	-7.4%
Interest received	650	640	1.6%	1,267	1,368	-7.4%
Net other operating expenses paid	(719)	(685)	5.0%	(1,372)	(1,265)	8.5%
Income tax paid	(105)	(340)	-69.1%	(105)	(840)	-87.5%
Net cash flows from operating activities	426	(125)	NMF	(940)	1,025	NMF
Cash outflows on capex	(266)	(135)	97.0%	(364)	(167)	NMF
Other investing activities	1,729	110	NMF	1,729	623	NMF
Net cash flows from used in investing activities	1,463	(25)	NMF	1,365	456	NMF
Dividend Paid	-	(1,048)	NMF	-	(2,098)	NMF
Increase/(decrease) in borrowings	(240)	-	NMF	(160)	(375)	-57.3%
Interest Paid	(110)	(33)	NMF	(195)	(61)	NMF
Cash paid for lease liabilities	(250)	(179)	39.7%	(416)	(362)	14.9%
Net cash flows from financing activities	(600)	(1,260)	-52.4%	(771)	(2,896)	-73.4%
Effect of exchange rates changes on cash and cash equivalents	(265)	(744)	-64.7%	(152)	(432)	-65.2%
Total cash inflow/(outflow)	1,024	(2,154)	NMF	(498)	(1,847)	-73.1%
Cash and cash equivalents, beginning	22,378	25,408	-11.9%	23,900	25,101	-4.8%
Cash and cash equivalents, ending	23,402	23,254	0.6%	23,402	23,254	0.6%
BALANCE SHEET						
<i>GEL thousands, unless otherwise noted</i>	Jun-22	Mar-22	Change	Dec-21	Change	
Total assets, of which:	97,999	100,475	-2.5%	78,822	24.3%	
Cash and bank deposits	23,402	22,378	4.6%	23,900	-2.1%	
Insurance premiums receivable	38,924	46,875	-17.0%	24,585	58.3%	
Property and equipment	13,212	13,033	1.4%	13,050	1.2%	
Right of use assets	5,626	415	NMF	587	NMF	
Goodwill and other intangible assets	5,414	5,401	0.2%	5,377	0.7%	
Inventory	331	390	-15.1%	392	-15.6%	
Prepayments	1,714	1,380	24.2%	1,585	8.1%	
Other assets of which:	9,376	10,603	-11.6%	9,346	0.3%	
securities and intercompany loans	6,364	8,154	-22.0%	8,133	-21.8%	
Total liabilities, of which:	64,734	67,050	-3.5%	46,592	38.9%	
Borrowed Funds	4,404	4,608	-4.4%	4,469	-1.5%	
Accounts payable	288	335	-14.0%	289	-0.3%	
Insurance contract liabilities	44,254	52,426	-15.6%	31,725	39.5%	
Other liabilities	15,788	9,681	63.1%	10,109	56.2%	
Total shareholders' equity	33,265	33,425	-0.5%	32,230	3.2%	

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
	2Q22	2Q21	Change	2Q22	2Q21	Change	2Q22	2Q21	2Q22	2Q21	Change
Revenue, gross	15,281	16,757	-8.8%	3,937	7,645	-48.5%	(1,330)	(1,614)	17,888	22,788	-21.5%
Corrections & rebates	(93)	(144)	-35.4%	-	-	NMF	-	-	(93)	(144)	-35.4%
Revenue, net	15,188	16,613	-8.6%	3,937	7,645	-48.5%	(1,330)	(1,614)	17,795	22,644	-21.4%
Costs of services	(8,425)	(8,992)	-6.3%	(3,154)	(4,090)	-22.9%	1,330	1,614	(10,249)	(11,468)	-10.6%
Cost of salaries and other employee benefits	(5,665)	(4,852)	16.8%	(1,056)	(633)	66.8%	-	-	(6,721)	(5,485)	22.5%
Cost of materials and supplies	(1,069)	(1,474)	-27.5%	(1,653)	(3,138)	-47.3%	-	-	(2,722)	(4,612)	-41.0%
Cost of medical service providers	(1,410)	(1,818)	-22.4%	(165)	(69)	NMF	1,330	1,614	(245)	(273)	-10.3%
Cost of utilities and other	(281)	(848)	-66.9%	(280)	(250)	12.0%	-	-	(561)	(1,098)	-48.9%
Gross profit	6,763	7,621	-11.3%	783	3,555	-78.0%	-	-	7,546	11,176	-32.5%
Gross profit margin	44.3%	45.5%	-1.2ppts	19.9%	46.5%	-26.6ppts	N/A	N/A	42.2%	49.0%	-6.8ppts
Salaries and other employee benefits	(2,754)	(2,562)	7.5%	(475)	(684)	-30.6%	-	-	(3,229)	(3,246)	-0.5%
General and administrative expenses	(1,248)	(1,326)	-5.9%	(403)	(297)	35.7%	-	-	(1,651)	(1,623)	1.7%
General and administrative expenses excluding IFRS 16	(1,456)	(1,503)	-3.1%	(403)	(297)	35.7%	-	-	(1,859)	(1,800)	3.3%
Impairment of receivables	(86)	(69)	24.6%	-	-	NMF	-	-	(86)	(69)	24.6%
Other operating income	(53)	82	NMF	(20)	(82)	-75.6%	-	-	(73)	-	NMF
EBITDA	2,622	3,746	-30.0%	(115)	2,492	NMF	-	-	2,507	6,238	-59.8%
EBITDA excluding IFRS 16	2,414	3,569	-32.4%	(115)	2,492	NMF	-	-	2,299	6,061	-62.1%
EBITDA margin excluding IFRS 16	15.8%	21.3%	-5.5ppts	-2.9%	32.6%	-35.5ppts	N/A	N/A	12.9%	26.6%	-13.7ppts
Depreciation and amortization	(1,776)	(1,673)	6.2%	(192)	(175)	9.7%	-	-	(1,968)	(1,848)	6.5%
Depreciation and amortization excluding IFRS 16	(1,584)	(1,565)	1.2%	(192)	(175)	9.7%	-	-	(1,776)	(1,740)	2.1%
Net interest income (expense)	(1,652)	(1,354)	22.0%	(111)	(167)	-33.5%	-	-	(1,763)	(1,521)	15.9%
Net interest income (expense) excluding IFRS 16	(1,450)	(1,125)	28.9%	(111)	(167)	-33.5%	-	-	(1,561)	(1,292)	20.8%
Net gains/(losses) from foreign currencies	577	920	-37.3%	(2)	(9)	-77.8%	-	-	575	911	-36.9%
Net gains/(losses) from foreign currencies excluding IFRS 16	(157)	389	NMF	(2)	(9)	-77.8%	-	-	(159)	380	NMF
Net non-recurring income/(expense)	(31)	(176)	-82.4%	(2)	1	NMF	-	-	(33)	(175)	-81.1%
Net (loss)/profit before income tax expense	(260)	1,463	NMF	(422)	2,142	NMF	-	-	(682)	3,605	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net (loss)/profit for the period	(260)	1,463	NMF	(422)	2,142	NMF	-	-	(682)	3,605	NMF
Attributable to:											
- shareholders of the Company	(289)	1,434	NMF	(422)	2,142	NMF	-	-	(711)	3,576	NMF
- non-controlling interests	29	29	NMF	-	-	NMF	-	-	29	29	NMF
Net (loss)/profit for the period excluding IFRS 16	(808)	1,092	NMF	(422)	2,142	NMF	-	-	(1,230)	3,234	NMF
Attributable to:											
- shareholders of the Company	(837)	1,063	NMF	(422)	2,142	NMF	-	-	(1,259)	3,205	NMF
- non-controlling interests	29	29	NMF	-	-	NMF	-	-	29	29	NMF

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
	1H22	1H21	Change	1H22	1H21	Change	1H22	1H21	1H22	1H21	Change
Revenue, gross	34,952	32,150	8.7%	11,765	13,192	-10.8%	(2,837)	(2,851)	43,880	42,491	3.3%
Corrections & rebates	(157)	(231)	-32.0%	-	-	NMF	-	-	(157)	(231)	-32.0%
Revenue, net	34,795	31,919	9.0%	11,765	13,192	-10.8%	(2,837)	(2,851)	43,723	42,260	3.5%
Costs of services	(19,855)	(17,277)	14.9%	(8,712)	(8,004)	8.8%	2,843	2,851	(25,724)	(22,430)	14.7%
Cost of salaries and other employee benefits	(11,834)	(9,103)	30.0%	(2,300)	(1,150)	NMF	-	-	(14,134)	(10,253)	37.9%
Cost of materials and supplies	(3,466)	(3,078)	12.6%	(5,466)	(6,248)	-12.5%	-	-	(8,932)	(9,326)	-4.2%
Cost of medical service providers	(3,267)	(3,234)	1.0%	(341)	(138)	NMF	2,843	2,851	(765)	(521)	46.8%
Cost of utilities and other	(1,288)	(1,862)	-30.8%	(605)	(468)	29.3%	-	-	(1,893)	(2,330)	-18.8%
Gross profit	14,940	14,642	2.0%	3,053	5,188	-41.2%	6	-	17,999	19,830	-9.2%
Gross profit margin	42.7%	45.5%	-2.8ppts	25.9%	39.3%	-13.4ppts	N/A	N/A	41.0%	46.7%	-5.7ppts
Salaries and other employee benefits	(5,748)	(5,032)	14.2%	(951)	(1,069)	-11.0%	-	-	(6,699)	(6,101)	9.8%
General and administrative expenses	(2,531)	(2,336)	8.3%	(1,084)	(484)	NMF	-	-	(3,615)	(2,820)	28.2%
General and administrative expenses excluding IFRS 16	(3,138)	(2,865)	9.5%	(1,084)	(484)	NMF	-	-	(4,222)	(3,349)	26.1%
Impairment of receivables	(173)	(133)	30.1%	-	-	NMF	-	-	(173)	(133)	30.1%
Other operating income	178	176	1.1%	(58)	(146)	-60.3%	(6)	-	114	30	NMF
EBITDA	6,666	7,317	-8.9%	960	3,489	-72.5%	-	-	7,626	10,806	-29.4%
EBITDA excluding IFRS 16	6,059	6,788	-10.7%	960	3,489	-72.5%	-	-	7,019	10,277	-31.7%
EBITDA margin excluding IFRS 16	17.3%	21.1%	-3.8ppts	8.2%	26.4%	-18.2ppts	N/A	N/A	16.0%	24.2%	-8.2ppts
Depreciation and amortization	(3,387)	(3,350)	1.1%	(377)	(344)	9.6%	-	-	(3,764)	(3,694)	1.9%
Depreciation and amortization excluding IFRS 16	(3,098)	(3,075)	0.7%	(377)	(344)	9.6%	-	-	(3,475)	(3,419)	1.6%
Net interest income (expense)	(3,011)	(2,427)	24.1%	(203)	(320)	-36.6%	-	-	(3,214)	(2,747)	17.0%
Net interest income (expense) excluding IFRS 16	(2,664)	(2,071)	28.6%	(203)	(320)	-36.6%	-	-	(2,867)	(2,391)	19.9%
Net gains/(losses) from foreign currencies	642	431	49.0%	4	(11)	NMF	-	-	646	420	53.8%
Net gains/(losses) from foreign currencies excluding IFRS 16	(156)	133	NMF	4	(11)	NMF	-	-	(152)	122	NMF
Net non-recurring income/(expense)	(117)	(277)	-57.8%	(56)	(1)	NMF	-	-	(173)	(278)	-37.8%
Net profit before income tax expense	793	1,694	-53.2%	328	2,813	-88.3%	-	-	1,121	4,507	-75.1%
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net profit for the period	793	1,694	-53.2%	328	2,813	-88.3%	-	-	1,121	4,507	-75.1%
Attributable to:											
- shareholders of the Company	649	1,564	-58.5%	328	2,813	-88.3%	-	-	977	4,377	-77.7%
- non-controlling interests	144	130	10.8%	-	-	NMF	-	-	144	130	10.8%
Net profit for the period excluding IFRS 16	24	1,498	-98.4%	328	2,813	-88.3%	-	-	352	4,311	-91.8%
Attributable to:											
- shareholders of the Company	(120)	1,368	NMF	328	2,813	-88.3%	-	-	208	4,181	-95.0%
- non-controlling interests	144	130	10.8%	-	-	NMF	-	-	144	130	10.8%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

STATEMENT OF CASH FLOW	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
	2Q22	2Q21	Change	2Q22	2Q21	Change	2Q22	2Q21	2Q22	2Q21	Change
<i>GEL thousands, unless otherwise noted</i>											
Cash flows from operating activities											
Revenue received	16,528	15,629	5.8%	4,937	5,816	-15.1%	(1,571)	(1,484)	19,894	19,961	-0.3%
Cost of services paid	(9,259)	(8,518)	8.7%	(3,140)	(3,734)	-15.9%	1,571	1,484	(10,828)	(10,768)	0.6%
Gross profit received	7,269	7,111	2.2%	1,797	2,082	-13.7%	-	-	9,066	9,193	-1.4%
Salaries paid	(2,861)	(2,452)	16.7%	(1,748)	(1,031)	69.5%	-	-	(4,609)	(3,483)	32.3%
General and administrative expenses paid	(1,770)	(1,115)	58.7%	(434)	(166)	NMF	-	-	(2,204)	(1,281)	72.1%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(1,978)</i>	<i>(1,292)</i>	<i>53.1%</i>	<i>(434)</i>	<i>(166)</i>	<i>NMF</i>	-	-	<i>(2,412)</i>	<i>(1,458)</i>	<i>65.4%</i>
Other operating income/(expense) and tax paid	(274)	(62)	NMF	(49)	(459)	-89.3%	-	-	(323)	(521)	-38.0%
Net cash flows from operating activities before income tax	2,364	3,482	-32.1%	(434)	426	NMF	-	-	1,930	3,908	-50.6%
Income tax paid	(10)	(1)	NMF	-	-	NMF	-	-	(10)	(1)	NMF
Net cash flows from operating activities	2,354	3,481	-32.4%	(434)	426	NMF	-	-	1,920	3,907	-50.9%
Net cash flows from operating activities, excluding IFRS 16	2,146	3,304	-35.0%	(434)	426	NMF	-	-	1,712	3,730	-54.1%
Cash flows from investing activities											
Cash outflow on Capex	(3,748)	(1,829)	NMF	(289)	(464)	-37.7%	-	-	(4,037)	(2,293)	76.1%
Interest income received	122	124	-1.6%	17	-	NMF	-	-	139	124	12.1%
Dividends and intersegment loans issued/received	(102)	(93)	9.7%	-	(144)	NMF	-	-	(102)	(237)	-57.0%
Net cash flow from investing activities	(3,728)	(1,798)	NMF	(272)	(608)	-55.3%	-	-	(4,000)	(2,406)	66.3%
Cash flows from financing activities											
Payment of dividends	-	(75)	NMF	-	-	NMF	-	-	-	(75)	NMF
Payment of finance lease liabilities	(56)	(48)	16.7%	-	-	NMF	-	-	(56)	(48)	16.7%
Interest expense paid on finance lease	(152)	(129)	17.8%	-	-	NMF	-	-	(152)	(129)	17.8%
Increase/(decrease) in borrowings	2,857	(8,510)	NMF	(222)	120	NMF	-	-	2,635	(8,390)	NMF
Interest expense paid	(2,079)	(2,744)	-24.2%	(116)	-	NMF	-	-	(2,195)	(2,744)	-20.0%
Net cash flows from financing activities	570	(11,506)	NMF	(338)	120	NMF	-	-	232	(11,386)	NMF
Net cash flows from financing activities, excluding IFRS 16	778	(11,329)	NMF	(338)	120	NMF	-	-	440	(11,209)	NMF
Effect of exchange rates changes on cash and cash equivalents	(30)	-	NMF	2	-	NMF	-	-	(28)	-	NMF
Net increase/(decrease) in cash and cash equivalents	(834)	(9,823)	-91.5%	(1,042)	(62)	NMF	-	-	(1,876)	(9,885)	-81.0%
Cash and bank deposits, beginning	1,447	11,827	-87.8%	2,148	1,599	34.5%	-	-	3,595	13,426	-73.2%
Cash and bank deposits, ending	613	2,004	-69.5%	1,106	1,537	-28.0%	-	-	1,719	3,541	-51.5%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

STATEMENT OF CASH FLOW <i>GEL thousands, unless otherwise noted</i>	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
	1H22	1H21	Change	1H22	1H21	Change	1H22	1H21	1H22	1H21	Change
Cash flows from operating activities											
Revenue received	31,739	28,209	12.5%	11,939	10,614	12.5%	(2,646)	(2,447)	41,032	36,376	12.8%
Cost of services paid	(19,246)	(16,024)	20.1%	(7,153)	(9,232)	-22.5%	2,646	2,447	(23,753)	(22,809)	4.1%
Gross profit received	12,493	12,185	2.5%	4,786	1,382	NMF	-	-	17,279	13,567	27.4%
Salaries paid	(5,038)	(4,027)	25.1%	(4,531)	(1,691)	NMF	-	-	(9,569)	(5,718)	67.3%
General and administrative expenses paid	(2,828)	(2,106)	34.3%	(952)	(249)	NMF	-	-	(3,780)	(2,355)	60.5%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(3,435)</i>	<i>(2,635)</i>	<i>30.4%</i>	<i>(952)</i>	<i>(249)</i>	<i>NMF</i>	-	-	<i>(4,387)</i>	<i>(2,884)</i>	<i>52.1%</i>
Other operating income/(expense) and tax paid	(441)	(111)	NMF	(84)	(770)	-89.1%	-	-	(525)	(881)	-40.4%
Net cash flows from operating activities before income tax	4,186	5,941	-29.5%	(781)	(1,328)	-41.2%	-	-	3,405	4,613	-26.2%
Income tax paid	(10)	(1)	NMF	-	-	NMF	-	-	(10)	(1)	NMF
Net cash flows from operating activities	4,176	5,940	-29.7%	(781)	(1,328)	-41.2%	-	-	3,395	4,612	-26.4%
Net cash flows from operating activities, excluding IFRS 16	3,569	5,411	-34.0%	(781)	(1,328)	-41.2%	-	-	2,788	4,083	-31.7%
Cash flows from investing activities											
Cash outflow on Capex	(5,778)	(3,035)	90.4%	(648)	(784)	-17.3%	-	-	(6,426)	(3,819)	68.3%
Interest income received	250	231	8.2%	37	-	NMF	-	-	287	231	24.2%
Dividends and intersegment loans issued/received	(303)	(104)	NMF	-	(207)	NMF	-	-	(303)	(311)	-2.6%
Net cash flow from investing activities	(5,831)	(2,908)	NMF	(611)	(991)	-38.3%	-	-	(6,442)	(3,899)	65.2%
Cash flows from financing activities											
Payment of dividends	-	(125)	NMF	-	-	NMF	-	-	-	(125)	NMF
Payment of finance lease liabilities	(310)	(273)	13.6%	-	-	NMF	-	-	(310)	(273)	13.6%
Interest expense paid on finance lease	(297)	(256)	16.0%	-	-	NMF	-	-	(297)	(256)	16.0%
Increase/(decrease) in borrowings	3,401	532	NMF	(440)	(40)	NMF	-	-	2,961	492	NMF
Interest expense paid	(3,658)	(3,350)	9.2%	(206)	-	NMF	-	-	(3,864)	(3,350)	15.3%
Net cash flows from financing activities	(864)	(3,472)	-75.1%	(646)	(40)	NMF	-	-	(1,510)	(3,512)	-57.0%
Net cash flows from financing activities, excluding IFRS 16	(257)	(2,943)	-91.3%	(646)	(40)	NMF	-	-	(903)	(2,983)	-69.7%
Effect of exchange rates changes on cash and cash equivalents	(17)	(2)	NMF	1	-	NMF	-	-	(16)	(2)	NMF
Net increase/(decrease) in cash and cash equivalents	(2,536)	(442)	NMF	(2,037)	(2,359)	-13.6%	-	-	(4,573)	(2,801)	63.4%
Cash and bank deposits, beginning	3,149	2,446	28.8%	3,143	3,896	-19.3%	-	-	6,292	6,342	-0.8%
Cash and bank deposits, ending	613	2,004	-69.4%	1,106	1,537	-28.2%	-	-	1,719	3,541	-51.5%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

BALANCE SHEET	Clinics					Diagnostic					Eliminations			Clinics & Diagnostics				
<i>GEL thousands, unless otherwise noted</i>	Jun-22	Mar-22	Change	Dec-21	Change	Jun- 22	Mar-22	Change	Dec-21	Change	Jun-22	Mar-22	Dec-21	Jun-22	Mar-22	Change	Dec-21	Change
Cash and bank deposits	613	1,447	-57.6%	3,149	-80.5%	1,106	2,148	-48.5%	3,143	-64.8%	-	-	-	1,719	3,595	-52.2%	6,292	-72.7%
Receivables from healthcare services	14,367	15,740	-8.7%	11,803	21.7%	5,517	8,501	-35.1%	7,640	-27.8%	(1,488)	(1,693)	(1,640)	18,396	22,548	-18.4%	17,803	3.3%
Property and equipment	102,649	101,851	0.8%	100,472	2.2%	16,300	16,318	-0.1%	16,409	-0.7%	-	-	-	118,949	118,169	0.7%	116,881	1.8%
Right of use assets	13,760	7,186	91.5%	5,457	NMF	-	-	NMF	-	NMF	-	-	-	13,760	7,186	91.5%	5,457	NMF
Goodwill and other intangible assets	13,814	13,721	0.7%	13,394	3.1%	2,652	2,609	1.6%	2,582	2.7%	-	-	-	16,466	16,330	0.8%	15,976	3.1%
Inventory	2,490	2,647	-5.9%	3,491	-28.7%	2,212	2,136	3.6%	1,635	35.3%	-	-	-	4,702	4,783	-1.7%	5,126	-8.3%
Prepayments	3,242	1,539	NMF	1,242	NMF	931	931	NMF	931	NMF	-	-	-	4,173	2,470	68.9%	2,173	92.0%
Other assets	9,089	8,711	4.3%	8,360	8.7%	765	768	-0.4%	772	-0.9%	(284)	(279)	(248)	9,570	9,200	4.0%	8,884	7.7%
<i>Of which, securities and intercompany loans</i>	<i>3,823</i>	<i>3,897</i>	<i>-1.9%</i>	<i>3,947</i>	<i>-3.1%</i>	<i>-</i>	<i>-</i>	<i>NMF</i>	<i>-</i>	<i>NMF</i>	<i>(259)</i>	<i>(254)</i>	<i>(248)</i>	<i>3,564</i>	<i>3,643</i>	<i>-2.2%</i>	<i>3,699</i>	<i>-3.6%</i>
Total assets	160,024	152,842	4.7%	147,368	8.6%	29,483	33,411	-11.8%	33,112	-11.0%	(1,772)	(1,972)	(1,888)	187,735	184,281	1.9%	178,592	5.1%
Borrowed Funds	51,228	46,766	9.5%	46,417	10.4%	4,298	4,551	-5.6%	4,687	-8.3%	(261)	(255)	(250)	55,265	51,062	8.2%	50,854	8.7%
Accounts payable	11,872	15,035	-21.0%	11,963	-0.8%	3,929	6,929	-43.3%	6,383	-38.4%	(1,511)	(1,717)	(1,638)	14,290	20,247	-29.4%	16,708	-14.5%
Other liabilities	17,602	11,786	49.3%	11,007	59.9%	1,054	1,183	-10.9%	2,044	-48.4%	-	-	-	18,656	12,969	43.9%	13,051	42.9%
Total liabilities	80,702	73,587	9.7%	69,387	16.3%	9,281	12,663	-26.7%	13,114	-29.2%	(1,772)	(1,972)	(1,888)	88,211	84,278	4.7%	80,613	9.4%
Total shareholders' equity attributable to:	79,322	79,255	0.1%	77,981	1.7%	20,202	20,748	-2.6%	19,998	1.0%	-	-	-	99,524	100,003	-0.5%	97,979	1.6%
Shareholders of the Company	78,543	78,514	0.0%	77,372	1.5%	20,202	20,748	-2.6%	19,998	1.0%	-	-	-	98,745	99,262	-0.5%	97,370	1.4%
Non-controlling interest	779	741	5.1%	609	27.9%	-	-	NMF	-	NMF	-	-	-	779	741	5.1%	609	27.9%

Selected ratios and KPIs

Selected ratios and KPIs	2Q22	2Q21	Change	HY22	HY21	Change
GHG, consolidated						
ROIC (%)	10.1%	17.5%	-7.4ppts	12.3%	16.1%	-3.8ppts
Group rent expenditure	8,935	8,313	7.5%	17,943	16,052	11.8%
<i>of which, pharmacy and distribution business</i>	<i>8,256</i>	<i>7,588</i>	<i>8.8%</i>	<i>16,381</i>	<i>14,798</i>	<i>10.7%</i>
Group capex (maintenance)	4,051	4,342	-6.7%	9,113	7,309	24.7%
Group capex (growth)	10,543	8,612	22.4%	20,533	14,484	41.8%
Number of employees	15,524	15,395		15,524	15,395	
Number of physicians	3,195	3,271		3,195	3,271	
Number of nurses	3,070	3,130		3,070	3,130	
Nurse to doctor ratio, referral hospitals	0.96	0.96		0.96	0.96	
Number of pharmacists	3,015	2,931		3,015	2,931	
Hospitals						
EBITDA margin of Hospitals excl. IFRS 16	18.3%	24.6%	-6.3ppts	18.8%	25.5%	-6.7ppts
Direct salary rate (direct salary as % of revenue)	36.1%	30.1%	6.0ppts	35.2%	30.1%	5.1ppts
Materials rate (direct materials as % of revenue)	18.4%	21.5%	-3.1ppts	19.1%	20.6%	-1.5ppts
Administrative salary rate (administrative salaries as % of revenue)	12.8%	11.4%	1.4ppts	12.4%	11.6%	0.8ppts
SG&A rate (SG&A expenses as % of revenue)	5.6%	3.8%	1.8ppts	4.8%	3.6%	1.2ppts
Number of hospitals	16	17		16	17	
Number of referral hospital beds	2,524	2,596		2,524	2,596	
Hospitals bed occupancy rate	57.9%	66.2%	-8.3ppts	59.9%	62.0%	-2.1ppts
Hospitals bed occupancy rate, excluding TRH and CMC	60.3%	68.7%	-8.4ppts	62.5%	64.2%	-1.7ppts
Bed occupancy rate, Regional Hospital beds	56.6%	48.8%	7.8ppts	54.1%	51.8%	2.3ppts
Bed occupancy rate, Tbilisi Referral Hospital beds	43.7%	66.4%	-22.7ppts	49.5%	56.9%	-7.4ppts
Average length of stay (days)	5.1	5.4	-5.0%	5.4	5.6	-3.7%
Average revenue per hospital bed	116.6	126.2	-7.6%	118.8	117.9	0.7%
Clinics						
EBITDA margin of clinics excluding IFRS 16	15.8%	21.3%	-5.5ppts	17.3%	21.1%	-3.8ppts
EBITDA margin of polyclinics excluding IFRS 16	18.2%	24.1%	-5.9ppts	19.3%	23.7%	-4.4ppts
Direct salary rate (direct salary as % of revenue)	37.1%	29.0%	8.1ppts	33.9%	28.3%	5.6ppts
Materials rate (direct materials as % of revenue)	7.0%	8.8%	-1.8ppts	9.9%	9.6%	0.3ppts
Number of community clinics	19	19		19	19	
Number of community clinics beds	353	353		353	353	
Number of polyclinics	16	15		16	15	
Diagnostics						
EBITDA margin excluding IFRS 16 <i>impact</i>	-2.9%	32.6%	-35.5%	8.2%	26.4%	-18.2%
Number of patients served ('000)	211	281	-24.9%	555	506	9.7%
Number of tests performed ('000)	539	641	-15.9%	1,298	1,175	10.5%
Average revenue per test GEL	7.3	11.9	-38.7%	9.1	11.2	-18.8%
Average number of tests per patient	2.6	2.3	13.0%	2.3	2.3	-
Pharmacy and distribution						
EBITDA margin excluding IFRS 16[27]	9.3%	10.1%	-0.8ppts	9.8%	8.9%	0.9 ppts
Number of bills issued in (millions)	7.4	7.2	2.8%	15.0	13.7	9.5%
Average bill size	18.7	18.5	1.1%	18.9	18.8	0.5%
Revenue from wholesale as a percentage of total revenue from pharma	22.1%	28.2%	-6.1ppts	22.1%	27.5%	-5.4ppts
Revenue from retail as a percentage of total revenue from pharma	77.9%	71.8%	6.1ppts	77.9%	72.5%	5.4ppts
Revenue from para-pharmacy as a percentage of retail revenue from pharma	35.2%	33.9%	1.3ppts	34.9%	34.3%	0.6ppts
Number of pharmacies	358	329	8.8ppts	358	329	8.8ppts
Medical insurance						
Loss ratio	87.5%	84.0%	3.5ppts	84.8%	81.0%	3.8ppts
Expense ratio, <i>of which:</i>	19.0%	18.0%	1.0ppts	18.8%	18.0%	0.8ppts
<i>Commission ratio</i>	<i>5.0%</i>	<i>4.8%</i>	<i>0.2ppts</i>	<i>4.8%</i>	<i>4.5%</i>	<i>0.3ppts</i>
Combined ratio	106.5%	102.0%	4.5ppts	103.6%	99.0%	4.6ppts
Renewal rate	70.5%	76.9%	-6.4ppts	70.5%	74.1%	-3.6ppts