



**GEORGIA
HEALTHCARE
GROUP**

3rd Quarter and 9-month 2023 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 | 3Q23 and 9M23 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 October 2023, continues to be listed on the premium segment of LSE (LN:CGEO).

Below is presented the Group’s and its businesses 3rd quarter and 9 months consolidated financial results. Unless otherwise mentioned, comparatives are for the 3rd quarter and 9 months of 2022. 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 97.6% equity interest, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 32% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The business operates a total of 394 pharmacies (of which 381 are in Georgia and 13 are in Armenia) and 13 franchise stores (of which, two are in Armenia and four in Azerbaijan).

3Q23 & 9M23 performance (GEL '000), Retail (pharmacy)¹

INCOME STATEMENT HIGHLIGHTS	3Q23	3Q22	Change	9M23	9M22	Change
Revenue, net	199,597	189,809	5.2%	600,144	580,711	3.3%
Of which, retail	159,972	148,398	7.8%	476,192	453,015	5.1%
Of which, wholesale	39,625	41,411	-4.3%	123,952	127,696	-2.9%
Gross Profit	61,918	56,461	9.7%	181,077	171,303	5.7%
Gross profit margin	31.0%	29.7%	1.3 ppts	30.2%	29.5%	0.7 ppts
Operating expenses (ex. IFRS 16)	(41,038)	(38,403)	6.9%	(119,751)	(114,779)	4.3%
EBITDA (ex. IFRS 16)	20,880	18,058	15.6%	61,326	56,524	8.5%
EBITDA margin, (ex. IFRS 16)	10.5%	9.5%	1.0 ppts	10.2%	9.7%	0.5 ppts
Net profit (ex. IFRS 16)	12,369	14,683	-15.8%	45,717	51,205	-10.7%
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	435	19,268	-97.7%	18,152	54,480	-66.7%
EBITDA to cash conversion	2.1%	106.7%	-104.6 ppts	29.6%	96.4%	-66.8 ppts
Cash flow from investing activities²	5,343	(8,887)	NMF	(72,795)	(54,558)	33.4%
Free cash flow, (ex. IFRS 16)³	(10,590)	15,822	NMF	(76,776)	(3,921)	NMF
Cash flow used in financing activities (ex. IFRS 16)	(620)	(5,059)	-87.7%	14,560	10,107	44.1%
BALANCE SHEET HIGHLIGHTS	30-Sep-23	30-Jun-23	Change	31-Dec-22	Change	
Total assets	580,104	552,064	5.1%	576,060	0.7%	
Of which, cash and bank deposits	34,426	29,514	16.6%	75,279	-54.3%	
Of which, securities and loans issued	4,578	20,509	-77.7%	22,857	-80.0%	
Total liabilities	544,160	502,395	8.3%	515,081	5.6%	
Of which, borrowings	216,232	178,870	20.9%	131,547	64.4%	
Of which, lease liabilities	136,836	115,331	18.6%	107,455	27.3%	
Total equity	35,944	49,669	-27.6%	60,979	-41.1%	

INCOME STATEMENT HIGHLIGHTS

- The y-o-y increase in retail revenues in 3Q23 and 9M23 reflects the expansion of the pharmacy chain and franchise stores, along with overall economic growth in Georgia. This revenue growth was partially subdued by a significant decrease in product prices due to the appreciation of GEL against foreign currencies (as approximately 70% of inventory purchases are denominated in foreign currencies) and the implementation of the External Reference Pricing model, which sets a maximum retail price for state-financed prescription medicines.
- A y-o-y decline in wholesale revenue is attributable to the impact of new government regulations, as detailed in the valuation drivers and operating highlights section below. These regulations led to the closure of certain partner pharmacies in 2023, with whom our pharmacy business had wholesale agreements.
- The improvement in gross profit margins in 3Q23 and 9M23 is mainly attributable to increased sales of high-margin para-pharmacy products in the retail business line (para-pharmacy revenue as a percentage of retail revenue increased from 37.4% in 3Q22 to 39.6% in 3Q23, and from 35.7% in 9M22 to 39.6% in 9M23).
- The increase in operating expenses in 3Q23 and 9M23 reflects the expansion of the pharmacy chain and franchise stores.
- As a result, the business posted strong EBITDA margins (excluding IFRS 16) of 10.5% (up 1.0 ppts y-o-y) and 10.2% (up 0.5 ppts y-o-y) in 3Q23 and 9M23, respectively.
- The significant y-o-y increase in interest expense (excluding IFRS 16) in 3Q23 and 9M23 is due to the higher average net debt balance, as explained below.
- The business posted GEL 12.4 million net profit (excluding IFRS 16) in 3Q23, down 15.8% y-o-y, further reflecting higher FX gain in 3Q22 due to GEL's appreciation against the basket of foreign currencies last year. Net profit (excluding IFRS 16) in 9M23 amounted to GEL 45.7 million, down 10.7% y-o-y.

¹ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

² Of which – cash outflow on capex of GEL 11.0 million in 3Q23 and GEL 20.4 million in 9M23 (GEL 3.4 million in 3Q22 and GEL 17.2 million in 9M22); cash outflow on minority acquisition; proceeds from sale of PPE of GEL 14.6 million in 9M23 (none in 3Q22 and none in 9M22).

³ Calculated by deducting capex and minority acquisition from operating cash flows and adding proceeds from sale of PPE.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The net debt balance was up to GEL 177.2 million as at 30-Sep-23, from GEL 128.9 million at 30-Jun-23, mainly reflecting the short-term borrowings obtained to support working capital requirements. The net debt balance was up by GEL 143.8 million from 31-Dec-22, further reflecting increased borrowings that partially financed the minority buyout transaction in June 2023.
- Throughout the year, the business maintained its strategy of making advance payments to key vendors to secure substantial supplier discounts. This temporarily impacted the EBITDA to cash conversion ratio in 2023, but is expected to normalise in 2024.
- GEL 30.8 million dividends were paid to GCAP in 3Q23 (GEL 50.9 million in 9M23).

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- In June 2023 the business signed an agreement with its minority shareholders to acquire a 20.6% equity interest in the business. As a result of this transaction, GCAP's ownership stake in Retail (Pharmacy) increased to 97.6%. The transaction was executed at previously disclosed/agreed valuation multiples.
- Effective from 2023, the Government introduced two new regulations: i) Good Manufacturing Practice ("GMP") and ii) Good Distribution Practice ("GDP"). These regulations establish the minimum standards that medicine distributors must meet to ensure the quality and integrity of medicines throughout the supply chain. Compliance with GMP and GDP ensures that medicines are consistently stored under the appropriate conditions, including during transportation, to prevent contamination. The implementation of the new standards resulted in the closure of several of our partner small pharmacies, leading to a reduction in annualised wholesale business revenue by approximately GEL 22.0 million and a corresponding decrease in gross profit by around GEL 4.6 million. In 3Q23 and 9M23, the wholesale business revenue was affected by GEL 6.2 million and GEL 18.0 million, respectively, while the effect on gross profit was GEL 1.1 million in 3Q23 and GEL 3.1 million in 9M23. To meet the requirements the business incurred additional CAPEX of GEL c.4.0 million in 9M23.
- The business added 19 pharmacies and 3 franchise stores (one of which sells the Carter's baby clothing line) over the last 12 months.

	Sep-23	Jun-23	Change (q-o-q)	Sep-22	Change (y-o-y)
Number of pharmacies	394	383	11	368	26
Of which, Georgia	381	371	10	359	22
Of which, Armenia	13	12	1	9	4
Number of franchise stores	13	11	2	10	3
Of which, Georgia	7	7	-	7	-
Of which, Armenia	2	2	-	2	-
Of which, Azerbaijan	4	2	2	1	3

- Retail (Pharmacy)'s key operating performance highlights for 3Q23 and 9M23 are noted below:

Key metrics	3Q23	3Q22	Change	9M23	9M22	Change
Same store revenue growth	3.5%	-3.1%	6.6 ppts	1.0%	2.2%	-1.2 ppts
Number of bills issued (mln)	7.6	7.5	1.1%	23.1	22.5	2.5%
Average bill size (GEL)	20.0	18.8	6.7%	19.5	19.1	2.5%

Discussion of Hospitals Business Results

The hospitals business, where GCAP owns a 100% equity, is the largest healthcare market participant in Georgia, comprised of 16 referral hospitals, providing secondary and tertiary level healthcare services across Georgia.

3Q23 & 9M23 performance (GEL '000), Hospitals⁴

INCOME STATEMENT HIGHLIGHTS	3Q23	3Q22	Change	9M23	9M22	Change
Revenue, net ⁵	68,307	66,580	2.6%	220,468	216,137	2.0%
Gross Profit	22,067	22,834	-3.4%	76,405	77,187	-1.0%
Gross profit margin	32.0%	33.9%	-1.9 ppts	34.3%	35.2%	-0.9 ppts
Operating expenses (ex. IFRS 16)	(13,351)	(12,893)	3.6%	(39,364)	(38,698)	1.7%
EBITDA (ex. IFRS 16)	8,716	9,941	-12.3%	37,041	38,489	-3.8%
EBITDA margin (ex. IFRS 16)	12.6%	14.8%	-2.2 ppts	16.6%	17.5%	-0.9 ppts
Net (loss)/profit (ex. IFRS 16) ⁶	(6,376)	(3,497)	-82.3%	(7,580)	1,287	NMF
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	21,735	3,768	NMF	14,792	18,384	-19.5%
EBITDA to cash conversion (ex. IFRS 16)	249.4%	37.9%	NMF	39.9%	47.8%	-8.9 ppts
Cash flow used in investing activities ⁷	(16,513)	(6,922)	NMF	(30,556)	(4,610)	NMF
Free cash flow (ex. IFRS 16) ⁸	5,188	(1,650)	NMF	(16,202)	12,598	NMF
Cash flow from financing activities (ex. IFRS 16)	(8,818)	6,737	NMF	(4,067)	(39,163)	-89.6%
BALANCE SHEET HIGHLIGHTS						
Total assets	614,090	630,233	-2.6%	614,705	-0.1%	
Of which, cash balance and bank deposits	1,192	4,991	-76.1%	21,625	-94.5%	
Of which, securities and loans issued	8,990	8,575	4.8%	14,040	-36.0%	
Total liabilities	283,957	288,013	-1.4%	270,418	5.0%	
Of which, borrowings	232,387	227,093	2.3%	213,880	8.7%	
Total equity	330,133	342,220	-3.5%	344,287	-4.1%	

To address the oversupply of beds and enhance the quality of the healthcare industry in Georgia, the government introduced a new facility regulation, effective from September 2023. This regulation establishes upgraded standards for healthcare facilities and imposes minimum requirements for space allotted per hospital bed. In order to meet the new standards, the business initiated renovation projects in 12 of its hospitals. During the phased renovation, certain departments of our facilities were temporarily closed and unable to accept patients. These renovation works took place throughout July and August, with most of the work being completed by the end of September. The CAPEX investment for the renovation projects amounted to GEL 10.0 million in 3Q23. The negative annualised impact of increased expenses that will result from additional requirements is estimated at GEL c.4.0 million.

INCOME STATEMENT HIGHLIGHTS

- Notwithstanding the developments related to the new facility regulation as described above, the 3Q23 revenue was up by 2.6% y-o-y. The relatively modest 2.0% y-o-y increase in 9M23 revenue further reflects mainly the following factors:
 - The suspension of COVID contracts by the Government in mid-March 2022.
 - Temporary closure of Iashvili Paediatric Tertiary Referral Hospital ("Iashvili Hospital), the largest paediatric services provider in the country, due to mandatory regulatory-related renovation works. The works commenced in October 2022 and were completed in March 2023.
 - The absence of revenues from the Traumatology Hospital, which was divested in April 2022.
- The cost of services in the business consists mainly of salaries, materials and utilities. Trends in salary and materials costs are captured in the direct salary and materials rates⁹.
 - A y-o-y increase in direct salary rates, up 2.0 ppts to 40.5% in 3Q23 and up 2.3 ppts to 38.5% in 9M23, is mainly attributable to increased minimum salary rates for medical staff.
 - An improvement in materials rate (17.5% in 3Q23 compared to 17.7% in 3Q22 and 17.4% in 9M23 compared to 18.7% in 9M22) resulted from the phasing out of COVID as well as the completion of the transfer of the hospitals business' procurement department from pharmacy to hospitals.
 - Utilities and other costs were up y-o-y by 3.7% in 3Q23 and up 5.0% in 9M23, resulting from overall inflation.
- Administrative salaries and other employee benefits were well-managed y-o-y, down by 1.2% in 3Q23 and by 0.4% in 9M23. The launch of new products and services and increased marketing costs to support the transition to the post-COVID environment translated into increased general and administrative expenses (excl. IFRS 16), up 5.0% in 3Q23 and up 4.2% in 9M23, y-o-y. As a result, the business operating leverage was negative at 7.0% in 3Q23 and 2.7% in 9M23.

⁴ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

⁵ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

⁶ 9M22 number is adjusted for a GEL 2.7 million loss from the sale of the Traumatology Hospital.

⁷ Of which - capex of GEL 16.5 million in 3Q23 (GEL 5.4 million in 3Q22) and GEL 33.3 million in 9M23 (GEL 14.5 million in 9M22).

⁸ Operating cash flows less capex, plus net proceeds on sale of PPE.

⁹ The respective costs divided by gross revenues.

- The developments described above resulted in a 12.3% and 2.2 ppts y-o-y decrease in EBITDA (excl. IFRS 16) and EBITDA margin in 3Q23, respectively (down 3.8% and 0.9 ppts y-o-y in 9M23, respectively).
- Net interest expense (excluding IFRS 16) was up by 46.2% in 3Q23 and up 41.3% in 9M23, y-o-y, reflecting the increased net debt balance (as described below) and increased interest rates on the market.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt balance was up 4.1% q-o-q, mainly resulting from higher capex investments associated with new facility regulation and payment of GEL 6.0 million dividends to GCAP in 3Q23. Net debt balance was up 24.7% in 9M23, further reflecting the delay in the collection of receivables from the State in 2023 due to one-off processing delays due to the introduction of the Diagnosis Related Group (“DRG”) financing system.
- As expected, starting in 3Q23, the State began to settle overdue payments, which resulted in a significant improvement in the EBITDA to cash conversion ratio (249.4% in 3Q23).
- Capex investment was GEL 16.5 million in 3Q23, reflecting maintenance and capex related to the new facility regulation at hospitals. In 9M23, the capex investment amounted to GEL 33.3 million, which apart from the 3Q23 capex described above includes renovation works in Iashvili Hospital.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business key operating performance highlights for 3Q23 and 9M23 are noted below:

Key metrics	3Q23	3Q22	Change	9M23	9M22	Change
Occupancy rate	48.4%	43.6%	4.8 ppts	53.2%	52.1%	1.1 ppts
Number of admissions (thousands)	253.9	287.5	-11.7%	801.8	903.9	-11.3%

The decrease in the number of admissions reflects the renovation works in our hospitals as described above.

Discussion of Medical Insurance Business Results

The medical insurance business is one of the country's largest private health insurers, with a 19% market share based on 1H23 net insurance premiums. Medical Insurance offers a variety of health insurance products primarily to corporate and (selectively) to state entities and also to retail clients in Georgia. GCAP owns a 100% equity stake in both insurance businesses.

Discussion of results, Medical Insurance

INCOME STATEMENT HIGHLIGHTS	3Q23	3Q22	Change	9M23	9M22	Change
Insurance revenue	21,124	17,424	21.2%	66,564	53,820	23.7%
Net underwriting profit	3,744	2,311	62.0%	10,639	6,914	53.9%
Net investment profit	1,188	970	22.5%	3,470	2,846	21.9%
Net profit	1,112	315	NMF	4,324	1,450	NMF
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	3,106	2,476	25.4%	6,440	1,537	NMF
Free cash flow	2,004	2,225	-9.9%	4,297	921	NMF
BALANCE SHEET HIGHLIGHTS	30-Sep-23	30-Jun-23	Change	31-Dec-22	Change	
Total assets	67,675	69,581	-2.7%	65,578	3.2%	
Total equity	35,869	39,753	-9.8%	35,396	1.3%	

INCOME STATEMENT HIGHLIGHTS

- The increase in 3Q23 and 9M23 insurance revenue is due to the increase in the price of insurance policies and a 6.6% y-o-y increase in the total number of insured clients (c.170,500 as of Sep-23) mainly in the corporate client segment.
- 9M23 net claims expenses stood at GEL 53.1 million (up 19.9% y-o-y), out of which:
 - GEL 22.3 million (42.0% of the total) was inpatient;
 - GEL 21.8 million (41.1% of the total) was outpatient; and
 - GEL 9.0 million (16.9% of the total) was related to pharmaceuticals.
- 3Q23 combined ratio decreased by 6.4 ppts y-o-y (down by 5.6 ppts y-o-y in 9M23), reflecting:
 - Improved loss ratio, down 3.7 ppts y-o-y to 77.6% in 3Q23, reflecting the robust revenue growth (down 2.5 ppts y-o-y to 79.7% in 9M23).
 - 2.7 ppts y-o-y decrease in the 3Q23 expense ratio, reflecting the top-line growth of the business while operating expenses remained flat (down 3.1 ppts y-o-y in 9M23).
- The solid operating performance during the quarter led to a 253.0% y-o-y increase in the 3Q23 net profit. In 9M23 the business posted GEL 4.3 million net profit, up 198.2% y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- GEL 5.0 million dividends were paid to GCAP in 3Q23.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business remains one of the largest medical insurers on the market with a 19.2% market share based on 1H23 net insurance premiums. The insurance renewal rate was up 7.6 ppts y-o-y to 83.2% in 9M23.

Discussion of Clinics and Diagnostics Business Results

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) Clinics: 18 community clinics (providing outpatient and basic inpatient services); 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”.

3Q23 & 9M23 performance (GEL '000), Clinics and Diagnostics¹⁰

INCOME STATEMENT HIGHLIGHTS	3Q23	3Q22	Change	9M23	9M22	Change
Revenue, net¹¹	19,142	17,663	8.4%	60,032	61,386	-2.2%
Of which, clinics	16,109	14,443	11.5%	51,095	49,238	3.8%
Of which, diagnostics	4,293	4,459	-3.7%	13,485	16,224	-16.9%
Of which, inter-business eliminations	(1,260)	(1,239)	1.7%	(4,548)	(4,076)	11.6%
Gross Profit	8,290	6,946	19.3%	26,056	24,945	4.5%
Gross profit margin	42.2%	39.1%	3.1 ppts	42.6%	40.5%	2.1 ppts
Operating expenses (ex. IFRS 16)	(2,929)	(5,663)	-48.3%	(14,946)	(16,643)	-10.2%
EBITDA (ex. IFRS 16)	5,361	1,283	NMF	11,110	8,302	33.8%
EBITDA margin (ex. IFRS 16)	27.3%	7.2%	20.1 ppts	18.2%	13.5%	4.7 ppts
Net profit/(loss) (ex. IFRS 16)	1,243	(1,333)	NMF	(461)	(981)	53.0%
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	3,068	1,731	77.2%	4,155	4,518	-8.0%
EBITDA to cash conversion (ex. IFRS 16)	57.2%	134.9%	-77.7 ppts	37.4%	54.4%	-17.0 ppts
Cash flow used in investing activities	(3,563)	(1,675)	NMF	(10,261)	(8,116)	26.4%
Free cash flow (ex. IFRS 16)¹²	(467)	73	NMF	(5,911)	(3,565)	-65.8%
Cash flow used in financing activities (ex. IFRS 16)	(2,366)	(50)	NMF	3,039	(954)	NMF
BALANCE SHEET HIGHLIGHTS						
	30-Sep-23	30-Jun-23	Change	31-Dec-22	Change	
Total assets	204,573	200,403	2.1%	190,767	7.2%	
Of which, cash balance and bank deposits	3,894	6,766	-42.4%	6,966	-44.1%	
Of which, securities and loans issued	3,069	3,141	-2.3%	3,107	-1.2%	
Total liabilities	109,208	105,836	3.2%	94,786	15.2%	
Of which, borrowings	68,748	69,253	-0.7%	60,832	13.0%	
Total equity	95,365	94,567	0.8%	95,981	-0.6%	

Discussion of results, Clinics

(GEL '000)

INCOME STATEMENT HIGHLIGHTS	3Q23	3Q22	Change	9M23	9M22	Change
Revenue, net	16,109	14,443	11.5%	51,095	49,238	3.8%
Of which, polyclinics	11,502	9,462	21.6%	35,334	30,349	16.4%
Of which, community clinics	4,607	4,981	-7.5%	15,761	18,889	-16.6%
Gross Profit	7,230	6,068	19.1%	22,731	21,008	8.2%
Gross profit margin	43.6%	41.7%	1.9 ppts	43.5%	42.4%	1.1 ppts
Operating expenses (ex. IFRS 16)	(2,050)	(4,777)	-57.1%	(12,455)	(13,658)	-8.8%
EBITDA (ex. IFRS 16)	5,180	1,291	NMF	10,276	7,350	39.8%
EBITDA margin (ex. IFRS 16)	31.2%	8.9%	22.3 ppts	19.7%	14.8%	4.9 ppts
Net profit/(loss) (ex. IFRS 16)	1,558	(985)	NMF	154	(961)	NMF
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	2,928	1,802	62.5%	5,699	5,371	6.1%
EBITDA to cash conversion (ex. IFRS 16)	56.5%	139.6%	-83.1%	55.5%	73.1%	-17.6%
Cash flow used in investing activities¹³	(3,349)	(1,597)	NMF	(9,308)	(7,428)	25.3%
Free cash flow (ex. IFRS 16)	(389)	236	NMF	(3,401)	(1,973)	-72.4%
Cash flow used in financing activities (ex. IFRS 16)	(2,326)	287	NMF	1,672	30	NMF
BALANCE SHEET HIGHLIGHTS						
	30-Sep-23	30-Jun-23	Change	31-Dec-22	Change	
Total assets	174,076	170,277	2.2%	160,691	8.3%	
Of which, cash balance and bank deposits	3,883	6,640	-41.5%	5,825	-33.3%	
Of which, securities and loans issued	3,069	3,417	-10.2%	3,379	-9.2%	
Total liabilities	96,406	93,720	2.9%	83,531	15.4%	
Of which, borrowings	63,116	63,735	-1.0%	56,908	10.9%	
Total equity	77,670	76,557	1.5%	77,160	0.7%	

¹⁰ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

¹¹ Net revenue – Gross revenue less corrections and rebates. Margins are calculated from Gross revenue.

¹² Operating cash flows less capex.

¹³ Of which capex of GEL 3.3 million in 3Q23 and GEL 9.1 million in 9M23 (GEL 1.6 million in 3Q22 and GEL 7.3 million in 9M22).

INCOME STATEMENT HIGHLIGHTS

- The increase in total revenue during both reporting periods is attributable to the growth in the polyclinics business line. This increase in polyclinic revenue is the result of higher demand for non-COVID regular ambulatory services and the expansion of the business.
- Similar to the hospitals business, the new facility regulation also affected community clinics. In certain departments, admissions were temporarily suspended due to renovation works, resulting in a 13.9% y-o-y reduction in the total number of admissions at community clinics in 3Q23. This decline translated into a 7.5% y-o-y decrease in revenue for community clinics in 3Q23. The y-o-y decrease in 9M23 revenues from community clinics further reflects the suspension of the COVID programme in 1Q22.
- In 3Q23, the business sold one of its polyclinic buildings for US\$ 6.2 million. 80% of the sales proceeds were collected in October, while the remaining 20% will be received before year-end. The proceeds from the transaction will be mainly used for deleveraging the business. The gain from this transaction amounted to GEL 2.9 million, which reduced the operating expenses in 3Q23.
- The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the direct materials and salary rates¹⁴ (a significant portion of direct salaries are fixed). The y-o-y increase in the gross profit, up 19.1% and 8.2% in 3Q23 and 9M23, respectively, was due to the following factors:
 - The post-COVID transition was reflected in the improved materials rate (COVID treatments are characterised by high materials rate). The materials rate was down 1.9 ppts in 3Q23 and down 4.2 ppts in 9M23, y-o-y.
 - The direct salary rate remained well managed, down by 1.9 ppts y-o-y in 3Q23 and was flat y-o-y in 9M23.
- Operating expenses (excl. IFRS 16) mainly reflect the following factors:
 - The salaries and administrative expenses (excl. IFRS 16) remained well controlled in 3Q23 but were up by 6.4% and 11.0% y-o-y in 9M23, respectively, reflecting the expansion as well as the restructuring of the business back to normal operating levels.
 - The gain from the disposal, as mentioned above.
- Excluding the gain from the divested building, the business posted a 13.7% EBITDA margin in 3Q23 (up 4.8 ppts y-o-y) and 14.1% in 9M23 (down 0.7 ppts y-o-y).
- The net interest expense (excl. IFRS 16) was up 32.6% in 3Q23 and up 14.6% in 9M23 y-o-y, reflecting a) an increased balance of net debt due to investment made for the expansion of the business and b) increased interest rates on the market.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- The EBITDA to cash conversion ratio reflects the gain recorded from the disposal, as mentioned above. Excluding this impact, the EBITDA to cash conversion ratio stood at 128.5% in 3Q23 and 77.3% in 9M23.
- In 9M23, the business spent GEL 9.1 million on capex, primarily related to the expansion of the polyclinics chain in 2023 and investment in maintenance capex at community clinics. Capex investment in 3Q23 amounted to GEL 3.3 million.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- Our community clinics and (to a lesser extent) our polyclinics were both affected by the reduced traffic for COVID services, such as COVID tests and vaccinations in 2023:

	3Q23	3Q22	Change	9M23	9M22	Change
Number of admissions (thousands)	460.3	483.7	-4.9%	1,481.9	1,619.8	-8.5%
Of which, polyclinics	369.0	377.7	-2.3%	1,190.7	1,260.4	-5.5%
Of which, community clinics	91.3	106.0	-13.9%	291.2	359.4	-19.0%

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

	Sep-23	Jun-23	Change (q-o-q)	Sep-22	Change (y-o-y)
Number of clinics	35	35	-	36	-1
Of which, polyclinics	17	17	-	17	-
Of which, community clinics	18	18	-	19	-1

As of 30-Sep-23, the total number of registered patients in our polyclinics reached c.291,000 (c.270,000 as of 30-Sep-22) in Tbilisi and c.632,000 (c.608,000 as of 30-Sep-22) in Georgia.

¹⁴ The respective costs divided by gross revenues.

Discussion of results, Diagnostics

(GEL '000)

INCOME STATEMENT HIGHLIGHTS

	3Q23	3Q22	Change	9M23	9M22	Change
Revenue, net	4,293	4,459	-3.7%	13,485	16,224	-16.9%
Of which, from regular lab tests	4,164	3,583	16.2%	13,033	10,474	24.4%
Of which, from COVID-19 tests	129	876	-85.3%	452	5,750	-92.1%
Gross Profit	1,060	878	20.7%	3,325	3,931	-15.4%
Gross profit margin	24.7%	19.7%	5.0 ppts	24.7%	24.2%	0.5 ppts
Operating expenses (ex. IFRS 16)	(879)	(886)	-0.8%	(2,491)	(2,979)	-16.4%
EBITDA (ex. IFRS 16)	181	(8)	NMF	834	952	-12.4%
EBITDA margin (ex. IFRS 16)	4.2%	-0.2%	4.4 ppts	6.2%	5.9%	0.3 ppts
Net loss (ex. IFRS 16)	(315)	(348)	9.5%	(1,067)	(20)	NMF

INCOME STATEMENT HIGHLIGHTS

- As part of the post-COVID transition, the business has been actively broadening its client base and diversifying its range of non-COVID services. This translated into a 16.2% y-o-y increase in revenues from regular lab tests in 3Q23 and 24.4% in 9M23.
- Overall, the 16.9% y-o-y decrease in the net revenue of the diagnostics business in 9M23 was driven by the suspension of Government contracts for COVID testing in March 2022 as infections slowed and became less severe. After having been the revenue driver in 2021 and the first quarter of 2022, revenues from COVID testing decreased dramatically and were down 92.1% y-o-y in 9M23.
- In 3Q23, the business posted a 20.7% y-o-y increase in gross profit with 24.7% gross profit margin (up 5.0 ppts y-o-y) and GEL 0.2 million EBITDA with 4.2% EBITDA margin (up 4.4 ppts y-o-y).

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The key operating performance highlights for 3Q23 and 9M23 are noted below:

	3Q23	3Q22	Change	9M23	9M22	Change
Number of non-Covid tests performed (thousands)	557	455	22.4%	1,791	1,566	14.3%
Average revenue per non-Covid test (GEL)	7.5	7.9	-5.0%	7.3	6.7	8.8%

SELECTED FINANCIAL INFORMATION – Retail (Pharmacy)

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	9M23	9M22	Change
Revenue	199,597	189,809	5.2%	600,144	580,711	3.3%
Costs of services	(137,679)	(133,348)	3.2%	(419,067)	(409,408)	2.4%
Cost of pharma – wholesale	(28,185)	(30,574)	-7.8%	(88,978)	(95,066)	-6.4%
Cost of pharma - retail	(109,494)	(102,774)	6.5%	(330,089)	(314,342)	5.0%
Gross profit	61,918	56,461	9.7%	181,077	171,303	5.7%
Gross profit margin	31.0%	29.7%	+ 1.3 pts	30.2%	29.5%	+ 0.7pts
Salaries and other employee benefits	(20,978)	(19,827)	5.8%	(63,722)	(59,507)	7.1%
General and administrative expenses	(12,355)	(11,412)	8.3%	(36,404)	(33,413)	9.0%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(20,283)</i>	<i>(18,262)</i>	<i>11.1%</i>	<i>(58,058)</i>	<i>(54,578)</i>	<i>6.4%</i>
Impairment of receivables	(3)	(7)	-57.1%	(13)	(149)	-91.3%
Other operating income	226	(307)	NMF	2,042	(545)	NMF
EBITDA	28,808	24,908	15.7%	82,980	77,689	6.8%
EBITDA excluding IFRS 16	20,880	18,058	15.6%	61,326	56,524	8.5%
EBITDA margin excluding IFRS 16	10.5%	9.5%	+ 1.0 pts	10.2%	9.7%	+ 0.5 pts
Depreciation and amortization	(8,911)	(7,716)	15.5%	(25,160)	(22,830)	10.2%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(2,129)</i>	<i>(1,768)</i>	<i>20.4%</i>	<i>(5,982)</i>	<i>(4,986)</i>	<i>20.0%</i>
Net interest income (expense)	(6,409)	(2,677)	NMF	(13,121)	(9,298)	41.1%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(4,164)</i>	<i>(775)</i>	<i>NMF</i>	<i>(7,082)</i>	<i>(3,531)</i>	<i>NMF</i>
Net gains/(losses) from foreign currencies	(4,018)	8,473	NMF	(647)	18,302	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(1,804)</i>	<i>5,327</i>	<i>NMF</i>	<i>(1,153)</i>	<i>11,102</i>	<i>NMF</i>
Net non-recurring income/(expense)	(233)	(5,419)	-95.7%	(584)	(6,266)	-90.7%
Net profit before income tax expense	9,237	17,569	-47.4%	43,468	57,597	-24.5%
Income tax benefit/(expense)	(181)	(740)	-75.5%	(808)	(1,638)	-50.7%
Net profit for the period	9,056	16,829	-46.2%	42,660	55,959	-23.8%
Attributable to:						
- shareholders of the Company	8,885	11,616	-23.5%	34,413	36,821	-6.5%
- non-controlling interests	171	5,213	-96.7%	8,247	19,138	-56.9%
Net profit for the period excluding IFRS 16	12,369	14,683	-15.8%	45,717	51,205	-10.7%
Attributable to:						
- shareholders of the Company	11,436	10,178	12.4%	36,767	33,636	9.3%
- non-controlling interests	933	4,505	-79.3%	8,950	17,569	-49.1%
STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	9M23	9M22	Change
Cash flows from operating activities						
Revenue received	194,779	185,264	5.1%	569,649	568,620	0.2%
Cost of services paid	(155,926)	(128,583)	21.3%	(434,772)	(401,581)	8.3%
Gross profit received	38,853	56,681	-31.5%	134,877	167,039	-19.3%
Salaries paid	(18,936)	(20,152)	-6.0%	(59,764)	(57,494)	3.9%
General and administrative expenses paid	(12,177)	(10,520)	15.8%	(36,281)	(33,894)	7.0%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(20,319)</i>	<i>(17,370)</i>	<i>17.0%</i>	<i>(58,149)</i>	<i>(55,059)</i>	<i>5.6%</i>
Other operating income/(expense) and tax paid	1,029	297	NMF	1,866	977	91.0%
Net cash flows from operating activities before income tax	8,769	26,306	-66.7%	40,698	76,628	-46.9%
Income tax paid	(192)	(188)	2.1%	(678)	(983)	-31.0%
Net cash flows from operating activities	8,577	26,118	-67.2%	40,020	75,645	-47.1%
Net cash flows from operating activities, excluding IFRS 16	435	19,268	-97.7%	18,152	54,480	-66.7%
Cash flows from investing activities						
Cash outflow on Capex	(11,025)	(3,446)	NMF	(20,434)	(17,215)	18.7%
Acquisition of subsidiaries/payments of holdback	-	-	NMF	(89,088)	(41,186)	NMF
Interest income received	1,160	1,680	-31.0%	4,791	5,150	-7.0%
Intersegment loans issued proceeds from other investing activities	15,208	(7,121)	NMF	31,936	(1,307)	NMF
Net cash flow from investing activities	5,343	(8,887)	NMF	(72,795)	(54,558)	33.4%
Cash flows from financing activities						
Payment of dividends	(32,036)	(18,442)	73.7%	(56,425)	(24,605)	NMF
Payment of finance lease liabilities	(5,897)	(4,948)	19.2%	(15,829)	(15,396)	2.8%
Interest expense paid on finance lease	(2,245)	(1,902)	18.0%	(6,039)	(5,769)	4.7%
Increase/(decrease) in borrowings	35,219	16,000	NMF	81,404	42,586	91.2%
Interest expense paid	(3,803)	(2,617)	45.3%	(10,419)	(7,874)	32.3%
Net cash flows from financing activities	(8,762)	(11,909)	-26.4%	(7,308)	(11,058)	-33.9%
Net cash flows from financing activities, excluding IFRS 16	(620)	(5,059)	-87.7%	14,560	10,107	44.1%
Effect of exchange rates changes on cash and cash equivalents	(246)	(279)	-11.8%	(770)	(1,372)	-43.9%
Net increase/(decrease) in cash and cash equivalents	4,912	5,043	-2.6%	(40,853)	8,657	NMF
Cash and bank deposits, beginning	29,514	58,230	-49.3%	75,279	54,616	37.8%
Cash and bank deposits, ending	34,426	63,273	-45.6%	34,426	63,273	-45.6%

SELECTED FINANCIAL INFORMATION – Retail (Pharmacy), *continued***BALANCE SHEET**

<i>GEL thousands, unless otherwise noted</i>	Sep-23	Jun-23	Change	Dec-22	Change
Cash and bank deposits	34,426	29,514	16.6%	75,279	-54.3%
Securities and loans issued	4,578	20,509	-77.7%	22,857	-80.0%
Receivables from sale of pharmaceuticals	39,759	40,396	-1.6%	35,631	11.6%
Property and equipment	55,715	47,510	17.3%	53,545	4.1%
Right of use assets	130,609	112,561	16.0%	104,264	25.3%
Goodwill and other intangible assets	55,202	54,751	0.8%	55,749	-1.0%
Inventory	249,384	237,113	5.2%	218,433	14.2%
Prepayments	8,979	9,131	-1.7%	7,656	17.3%
Other assets	1,452	579	NMF	2,646	-45.1%
Total assets	580,104	552,064	5.1%	576,060	0.7%
Borrowed Funds	216,232	178,870	20.9%	131,547	64.4%
Lease liabilities	136,836	115,331	18.6%	107,455	27.3%
Accounts payable	160,375	170,126	-5.7%	164,827	-2.7%
Other liabilities	30,717	38,068	-19.3%	111,252	-72.4%
Total liabilities	544,160	502,395	8.3%	515,081	5.6%
Total shareholders' equity	35,944	49,669	-27.6%	60,979	-41.1%

SELECTED FINANCIAL INFORMATION – Hospitals

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	9M23	9M22	Change
Revenue, gross	69,063	67,343	2.6%	222,621	219,379	1.5%
Corrections & rebates	(756)	(763)	-0.9%	(2,153)	(3,242)	-33.6%
Revenue, net	68,307	66,580	2.6%	220,468	216,137	2.0%
Costs of services	(46,240)	(43,746)	5.7%	(144,063)	(138,950)	3.7%
Cost of salaries and other employee benefits	(27,970)	(25,913)	7.9%	(85,737)	(79,467)	7.9%
Cost of materials and supplies	(12,070)	(11,920)	1.3%	(38,716)	(40,919)	-5.4%
Cost of medical service providers	(1,425)	(1,309)	8.9%	(4,504)	(4,178)	7.8%
Cost of utilities and other	(4,775)	(4,604)	3.7%	(15,106)	(14,386)	5.0%
Gross profit	22,067	22,834	-3.4%	76,405	77,187	-1.0%
Gross profit margin	32.0%	33.9%	-1.9 ppts	34.3%	35.2%	-0.9 ppts
Salaries and other employee benefits	(9,148)	(9,260)	-1.2%	(28,033)	(28,136)	-0.4%
General and administrative expenses	(3,455)	(3,247)	6.4%	(10,896)	(9,952)	9.5%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(3,575)</i>	<i>(3,405)</i>	<i>5.0%</i>	<i>(11,160)</i>	<i>(10,712)</i>	<i>4.2%</i>
Impairment of receivables	(1,590)	(1,164)	36.6%	(4,528)	(3,469)	30.5%
Other operating income	962	936	2.8%	4,357	3,619	20.4%
EBITDA	8,836	10,099	-12.5%	37,305	39,249	-5.0%
EBITDA excluding IFRS 16	8,716	9,941	-12.3%	37,041	38,489	-3.8%
EBITDA margin excluding IFRS 16	12.6%	14.8%	-2.1 ppts	16.6%	17.5%	-0.9 ppts
Depreciation and amortization	(7,938)	(7,637)	3.9%	(23,346)	(22,729)	2.7%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(7,276)</i>	<i>(6,941)</i>	<i>4.8%</i>	<i>(21,309)</i>	<i>(20,867)</i>	<i>2.1%</i>
Net interest income (expense)	(7,778)	(5,354)	45.3%	(21,119)	(15,004)	40.8%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(7,700)</i>	<i>(5,266)</i>	<i>46.2%</i>	<i>(20,889)</i>	<i>(14,782)</i>	<i>41.3%</i>
Net gains/(losses) from foreign currencies	(195)	4,478	NMF	(782)	5,639	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(79)</i>	<i>4,293</i>	<i>NMF</i>	<i>(803)</i>	<i>5,112</i>	<i>NMF</i>
Net non-recurring income/(expense)	(37)	(5,524)	-99.3%	(1,620)	(9,371)	-82.7%
Net loss before income tax expense	(7,112)	(3,938)	-80.6%	(9,562)	(2,216)	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF
Net loss for the period	(7,112)	(3,938)	-80.6%	(9,562)	(2,216)	NMF
Attributable to:						
- shareholders of the Company	(7,397)	(4,464)	-65.7%	(11,175)	(3,672)	NMF
- non-controlling interests	285	526	-45.8%	1,613	1,456	10.8%
Net loss for the period excluding IFRS 16	(6,376)	(3,497)	-82.3%	(7,580)	(1,419)	NMF
Attributable to:						
- shareholders of the Company	(6,661)	(4,023)	-65.6%	(9,193)	(2,875)	NMF
- non-controlling interests	285	526	-45.8%	1,613	1,456	10.8%

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

<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	9M23	9M22	Change
Cash flows from operating activities						
Revenue received	89,205	68,459	30.3%	205,040	219,960	-6.8%
Cost of services paid	(51,982)	(45,728)	13.7%	(138,851)	(147,990)	-6.2%
Gross profit received	37,223	22,731	63.8%	66,189	71,970	-8.0%
Salaries paid	(8,572)	(12,756)	-32.8%	(30,296)	(33,865)	-10.5%
General and administrative expenses paid	(6,068)	(5,015)	21.0%	(18,754)	(16,680)	12.4%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(6,299)</i>	<i>(5,173)</i>	<i>21.8%</i>	<i>(19,129)</i>	<i>(17,440)</i>	<i>9.7%</i>
Other operating income/(expense) and tax paid	(563)	(885)	-36.4%	(1,908)	(2,096)	-9.0%
Net cash flows from operating activities before income tax	22,020	4,075	NMF	15,231	19,329	-21.2%
Income tax paid	(54)	(149)	-63.8%	(64)	(185)	-65.4%
Net cash flows from operating activities	21,966	3,926	NMF	15,167	19,144	-20.8%
Net cash flows from operating activities, excluding IFRS 16	21,735	3,768	NMF	14,792	18,384	-19.5%
Cash flows from investing activities						
Cash outflow on Capex	(16,547)	(5,418)	NMF	(33,276)	(14,507)	NMF
Interest income received	202	548	-63.1%	553	2,229	-75.2%
Proceeds from sale of associate/subsidiary	-	-	NMF	2,282	8,721	-73.8%
Dividends and intersegment loans issued/received	(168)	(2,052)	-91.8%	(115)	(1,053)	-89.1%
Net cash flow from investing activities	(16,513)	(6,922)	NMF	(30,556)	(4,610)	NMF
Cash flows from financing activities						
Payment of dividends	(6,133)	(13,097)	-53.2%	(8,043)	(14,703)	-45.3%
Purchase of treasury shares	-	-	NMF	-	(821)	NMF
Payment of finance lease liabilities	(83)	(70)	18.6%	(145)	(538)	-73.0%
Interest expense paid on finance lease	(148)	(88)	68.2%	(230)	(222)	3.6%
Increase/(decrease) in borrowings	5,962	28,535	-79.1%	25,577	(4,663)	NMF
Interest expense paid	(8,647)	(8,701)	-0.6%	(21,601)	(18,976)	13.8%
Net cash flows from financing activities	(9,049)	6,579	NMF	(4,442)	(39,923)	-88.9%
Net cash flows from financing activities, excluding IFRS 16	(8,818)	6,737	NMF	(4,067)	(39,163)	-89.6%
Effect of exchange rates changes on cash and cash equivalents	(203)	(496)	-59.1%	(602)	(1,697)	-64.5%
Net increase/(decrease) in cash and cash equivalents	(3,799)	3,087	NMF	(20,433)	(27,086)	-24.6%
Cash and bank deposits, beginning	4,991	15,958	-68.7%	21,625	46,131	-53.1%
Cash and bank deposits, ending	1,192	19,045	-93.7%	1,192	19,045	-93.7%

BALANCE SHEET

<i>GEL thousands, unless otherwise noted</i>	Sep-23	Jun-23	Change	Dec-22	Change
Cash and bank deposits	1,192	4,991	-76.1%	21,625	-94.5%
Receivables from healthcare services	96,763	118,645	-18.4%	88,969	8.8%
Property and equipment	396,038	388,346	2.0%	389,957	1.6%
Right of use assets	1,757	2,413	-27.2%	3,869	-54.6%
Goodwill and other intangible assets	58,386	56,754	2.9%	54,892	6.4%
Inventory	20,821	19,154	8.7%	19,102	9.0%
Prepayments	8,867	10,786	-17.8%	7,069	25.4%
Other assets	30,266	29,144	3.8%	29,222	3.6%
<i>Of which, securities and intercompany loans</i>	<i>8,990</i>	<i>8,575</i>	<i>4.8%</i>	<i>14,040</i>	<i>-36.0%</i>
Total assets	614,090	630,233	-2.6%	614,705	-0.1%
Borrowed Funds	232,387	227,093	2.3%	213,880	8.7%
Accounts payable	14,991	22,212	-32.5%	15,900	-5.7%
Other liabilities	36,579	38,708	-5.5%	40,638	-10.0%
Total liabilities	283,957	288,013	-1.4%	270,418	5.0%
Total shareholders' equity attributable to:	330,133	342,220	-3.5%	344,287	-4.1%
Shareholders of the Company	297,104	309,471	-4.0%	312,855	-5.0%
Non-controlling interest	33,029	32,749	0.9%	31,432	5.1%

SELECTED FINANCIAL INFORMATION – Medical Insurance

INCOME STATEMENT

<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	9M23	9M22	Change
Insurance revenue, gross	21,393	17,658	21.2%	67,327	54,520	23.5%
Insurance claims expenses, gross	(16,450)	(14,219)	15.7%	(53,195)	(44,396)	19.8%
Acquisition costs, net	(985)	(948)	3.9%	(2,850)	(2,648)	7.6%
Insurance service result before reinsurance contracts held	3,958	2,491	58.9%	11,282	7,476	50.9%
Allocation of reinsurance premiums	(269)	(234)	15.0%	(763)	(700)	9.0%
Amounts recoverable from reinsurers for incurred claims	55	54	1.9%	120	138	-13.0%
Net expense from reinsurance contracts held	(214)	(180)	18.9%	(643)	(562)	14.4%
Insurance revenue, net	21,124	17,424	21.2%	66,564	53,820	23.7%
Insurance service expense, net	(17,380)	(15,113)	15.0%	(55,925)	(46,906)	19.2%
Insurance service result	3,744	2,311	62.0%	10,639	6,914	53.9%
Investment income	1,151	939	22.6%	3,365	2,765	21.7%
Net Fee and commission income	37	31	19.4%	105	81	29.6%
Net investment profit	1,188	970	22.5%	3,470	2,846	21.9%
Salaries and other employee benefits	(1,481)	(1,505)	-1.6%	(4,385)	(4,483)	-2.2%
Selling, general administrative expenses	(448)	(366)	22.4%	(1,243)	(1,333)	-6.8%
Depreciation&Amortization	(585)	(550)	6.4%	(1,761)	(1,479)	19.1%
Impairment charges	(71)	(35)	NMF	(263)	(160)	64.4%
Net other operating income	(16)	(29)	-44.8%	(15)	(68)	-77.9%
Operating profit	2,331	796	NMF	6,442	2,237	NMF
Foreign exchange gain / (loss)	(120)	171	NMF	58	611	-90.5%
Interest expense	(215)	(225)	-4.4%	(651)	(808)	-19.4%
Non-recurring income / (costs)	-	-	NMF	-	(67)	NMF
Pre-tax Profit	1,996	742	NMF	5,849	1,973	NMF
Corporate income tax expense	(884)	(427)	NMF	(1,525)	(523)	NMF
Net profit	1,112	315	NMF	4,324	1,450	NMF

STATEMENT OF CASH FLOW

<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	9M23	9M22	Change
Insurance premium received	22,002	18,512	18.9%	62,590	52,011	20.3%
Reinsurance premium paid	-	(9)	NMF	-	(392)	NMF
Insurance benefits and claims paid	(16,754)	(13,640)	22.8%	(50,430)	(43,244)	16.6%
Reinsurance claims received	3	14	-78.6%	29	38	-23.7%
Acquisition costs paid	(633)	(413)	53.3%	(1,682)	(1,564)	7.5%
Salaries and benefits paid	(1,530)	(1,325)	15.5%	(4,984)	(4,439)	12.3%
Interest received	706	301	NMF	2,905	1,568	85.3%
Net other operating expenses paid	(545)	(534)	2.1%	(1,702)	(1,906)	-10.7%
Income tax paid	(143)	(430)	-66.7%	(286)	(535)	-46.5%
Net cash flows from operating activities	3,106	2,476	25.4%	6,440	1,537	NMF
Cash outflows on capex	(1,102)	(251)	NMF	(2,655)	(616)	NMF
Other investing activities	4,971	-	NMF	5,033	1,729	NMF
Net cash flows from used in investing activities	3,869	(251)	NMF	2,378	1,113	NMF
Dividend Paid	(5,061)	(1,050)	NMF	(5,061)	(1,050)	NMF
Increase/(decrease) in borrowings	-	1,050	NMF	-	890	NMF
Interest Paid	-	(84)	NMF	(42)	(279)	-84.9%
Cash paid for lease liabilities	(171)	(241)	-29.0%	(547)	(657)	-16.7%
Net cash flows from financing activities	(5,232)	(325)	NMF	(5,650)	(1,096)	NMF
Effect of exchange rates changes on cash and cash equivalents	382	252	51.0%	(247)	101	NMF
Total cash inflow/(outflow)	2,125	2,152	-1.3%	2,921	1,655	76.4%
Cash and cash equivalents, beginning	27,032	23,403	15.5%	26,236	23,900	9.8%
Cash and cash equivalents, ending	29,157	25,555	14.1%	29,157	25,555	14.1%

SELECTED FINANCIAL INFORMATION – Medical Insurance, *continued***BALANCE SHEET***GEL thousands, unless otherwise noted*

	Sep-23	Jun-23	Change	Dec-22	Change
Total assets, of which:	67,675	69,581	-2.7%	65,578	3.2%
Cash and bank deposits	29,157	27,032	7.9%	26,236	11.1%
Insurance premiums receivable	4,150	3,960	4.8%	1,977	NMF
Property and equipment	15,333	14,470	6.0%	13,753	11.5%
Right of use assets	5,346	5,557	-3.8%	6,191	-13.6%
Goodwill and other intangible assets	5,620	5,514	1.9%	5,530	1.6%
Inventory	264	256	3.1%	271	-2.6%
Prepayments	134	269	-50.2%	432	-69.0%
Other assets of which:	7,671	12,523	-38.7%	11,188	-31.4%
securities and intercompany loans	3,109	8,009	-61.2%	7,587	-59.0%
Total liabilities, of which:	31,806	29,828	6.6%	30,182	5.4%
Borrowed Funds	4,666	4,533	2.9%	5,352	-12.8%
Accounts payable	364	287	26.8%	310	17.4%
Insurance contract liabilities	18,568	17,685	5.0%	17,122	8.4%
Other liabilities	8,208	7,323	12.1%	7,398	10.9%
Total shareholders' equity	35,869	39,753	-9.8%	35,396	1.3%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	3Q23	3Q22	Change	3Q23	3Q22	3Q23	3Q22	Change
Revenue, gross	16,601	14,552	14.1%	4,293	4,459	-3.7%	(1,260)	(1,239)	19,634	17,772	10.5%
Corrections & rebates	(492)	(109)	NMF	-	-	NMF	-	-	(492)	(109)	NMF
Revenue, net	16,109	14,443	11.5%	4,293	4,459	-3.7%	(1,260)	(1,239)	19,142	17,663	8.4%
Costs of services	(8,879)	(8,375)	6.0%	(3,233)	(3,581)	-9.7%	1,260	1,239	(10,852)	(10,717)	1.3%
Cost of salaries and other employee benefits	(5,932)	(5,467)	8.5%	(1,247)	(1,094)	14.0%	-	-	(7,179)	(6,561)	9.4%
Cost of materials and supplies	(916)	(1,073)	-14.6%	(1,641)	(2,094)	-21.6%	-	-	(2,557)	(3,167)	-19.3%
Cost of medical service providers	(1,398)	(1,311)	6.6%	(74)	(86)	-14.0%	1,260	1,239	(212)	(158)	34.2%
Cost of utilities and other	(633)	(524)	20.8%	(271)	(307)	-11.7%	-	-	(904)	(831)	8.8%
Gross profit	7,230	6,068	19.1%	1,060	878	20.7%	-	-	8,290	6,946	19.3%
Gross profit margin	43.6%	41.7%	-1.9ppts	24.7%	19.7%	+5.0ppts	N/A	N/A	42.2%	39.1%	+3.1ppts
Salaries and other employee benefits	(2,963)	(3,056)	-3.0%	(460)	(470)	-2.1%	-	-	(3,423)	(3,526)	-2.9%
General and administrative expenses	(1,348)	(1,349)	-0.1%	(409)	(388)	5.4%	-	-	(1,757)	(1,737)	1.2%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(1,706)</i>	<i>(1,719)</i>	<i>-0.8%</i>	<i>(409)</i>	<i>(388)</i>	<i>5.4%</i>	<i>-</i>	<i>-</i>	<i>(2,115)</i>	<i>(2,107)</i>	<i>0.4%</i>
Impairment of receivables	(77)	(66)	16.7%	-	-	NMF	-	-	(77)	(66)	16.7%
Other operating income	2,696	64	NMF	(10)	(28)	-64.3%	-	-	2,686	36	NMF
EBITDA	5,538	1,661	NMF	181	(8)	NMF	-	-	5,719	1,653	NMF
EBITDA excluding IFRS 16	5,180	1,291	NMF	181	(8)	NMF	-	-	5,361	1,283	NMF
EBITDA margin excluding IFRS 16	31.2%	8.9%	+22.3ppts	4.2%	-0.2%	+4.4ppts	N/A	N/A	27.3%	7.2%	+20.1ppts
Depreciation and amortization	(2,388)	(2,084)	14.6%	(259)	(194)	33.5%	-	-	(2,647)	(2,278)	16.2%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(2,057)</i>	<i>(1,730)</i>	<i>18.9%</i>	<i>(259)</i>	<i>(194)</i>	<i>33.5%</i>	<i>-</i>	<i>-</i>	<i>(2,316)</i>	<i>(1,924)</i>	<i>20.4%</i>
Net interest income (expense)	(1,741)	(1,361)	27.9%	(186)	(112)	66.1%	-	-	(1,927)	(1,473)	30.8%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(1,518)</i>	<i>(1,145)</i>	<i>32.6%</i>	<i>(186)</i>	<i>(112)</i>	<i>66.1%</i>	<i>-</i>	<i>-</i>	<i>(1,704)</i>	<i>(1,257)</i>	<i>35.6%</i>
Net gains/(losses) from foreign currencies	(270)	2,261	NMF	(4)	-	NMF	-	-	(274)	2,261	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>48</i>	<i>1,833</i>	<i>-97.4%</i>	<i>(4)</i>	<i>-</i>	<i>NMF</i>	<i>-</i>	<i>-</i>	<i>44</i>	<i>1,833</i>	<i>-97.6%</i>
Net non-recurring income/(expense)	(95)	(1,234)	-92.3%	(47)	(34)	38.2%	-	-	(142)	(1,268)	-88.8%
Net profit/(loss) before income tax expense	1,044	(757)	NMF	(315)	(348)	9.5%	-	-	729	(1,105)	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net profit/(loss) for the period	1,044	(757)	NMF	(315)	(348)	9.5%	-	-	729	(1,105)	NMF
Attributable to:											
- shareholders of the Company	1,020	(774)	NMF	(315)	(348)	9.5%	-	-	705	(1,122)	NMF
- non-controlling interests	24	17	41.2%	-	-	NMF	-	-	24	17	41.2%
Net profit/(loss) for the period excluding IFRS 16	1,558	(985)	NMF	(315)	(348)	9.5%	-	-	1,243	(1,333)	NMF
Attributable to:											
- shareholders of the Company	1,534	(1,002)	NMF	(315)	(348)	9.5%	-	-	1,219	(1,350)	NMF
- non-controlling interests	24	17	41.2%	-	-	NMF	-	-	24	17	41.2%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	9M23	9M22	Change	9M23	9M22	Change	9M23	9M22	9M23	9M22	Change
Revenue, gross	52,222	49,504	5.5%	13,485	16,224	-16.9%	(4,548)	(4,076)	61,159	61,652	-0.8%
Corrections & rebates	(1,127)	(266)	NMF	-	-	NMF	-	-	(1,127)	(266)	NMF
Revenue, net	51,095	49,238	3.8%	13,485	16,224	-16.9%	(4,548)	(4,076)	60,032	61,386	-2.2%
Costs of services	(28,364)	(28,230)	0.5%	(10,160)	(12,293)	-17.4%	4,548	4,082	(33,976)	(36,441)	-6.8%
Cost of salaries and other employee benefits	(18,317)	(17,301)	5.9%	(3,573)	(3,394)	5.3%	-	-	(21,890)	(20,695)	5.8%
Cost of materials and supplies	(2,637)	(4,539)	-41.9%	(5,358)	(7,560)	-29.1%	-	-	(7,995)	(12,099)	-33.9%
Cost of medical service providers	(4,734)	(4,578)	3.4%	(313)	(427)	-26.7%	4,548	4,082	(499)	(923)	-45.9%
Cost of utilities and other	(2,676)	(1,812)	47.7%	(916)	(912)	0.4%	-	-	(3,592)	(2,724)	31.9%
Gross profit	22,731	21,008	8.2%	3,325	3,931	-15.4%	-	6	26,056	24,945	4.5%
Gross profit margin	43.5%	42.4%	+1.1pppts	24.7%	24.2%	+0.5pppts	N/A	N/A	42.6%	40.5%	+2.1pppts
Salaries and other employee benefits	(9,365)	(8,804)	6.4%	(1,348)	(1,421)	-5.1%	-	-	(10,713)	(10,225)	4.8%
General and administrative expenses	(4,334)	(3,880)	11.7%	(1,086)	(1,472)	-26.2%	-	-	(5,420)	(5,352)	1.3%
<i>General and administrative expenses excluding IFRS 16</i>	(5,389)	(4,857)	11.0%	(1,086)	(1,472)	-26.2%	-	-	(6,475)	(6,329)	2.3%
Impairment of receivables	(235)	(239)	-1.7%	-	-	NMF	-	-	(235)	(239)	-1.7%
Other operating income	2,534	242	NMF	(57)	(86)	-33.7%	-	(6)	2,477	150	NMF
EBITDA	11,331	8,327	36.1%	834	952	-12.4%	-	-	12,165	9,279	31.1%
EBITDA excluding IFRS 16	10,276	7,350	39.8%	834	952	-12.4%	-	-	11,110	8,302	33.8%
EBITDA margin excluding IFRS 16	19.7%	14.8%	+4.8pppts	6.2%	5.9%	+0.3pppts	N/A	N/A	18.2%	13.5%	+4.7pppts
Depreciation and amortization	(6,605)	(5,471)	20.7%	(704)	(571)	23.3%	-	-	(7,309)	(6,042)	21.0%
<i>Depreciation and amortization excluding IFRS 16</i>	(5,741)	(4,828)	18.9%	(704)	(571)	23.3%	-	-	(6,445)	(5,399)	19.4%
Net interest income (expense)	(4,985)	(4,372)	14.0%	(498)	(315)	58.1%	-	-	(5,483)	(4,687)	17.0%
<i>Net interest income (expense) excluding IFRS 16</i>	(4,367)	(3,809)	14.6%	(498)	(315)	58.1%	-	-	(4,865)	(4,124)	18.0%
Net gains/(losses) from foreign currencies	201	2,903	-93.1%	6	4	50.0%	-	-	207	2,907	-92.9%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	312	1,677	-81.4%	6	4	50.0%	-	-	318	1,681	-81.1%
Net non-recurring income/(expense)	(326)	(1,351)	-75.9%	(705)	(90)	NMF	452	-	(579)	(1,441)	-59.8%
Net (loss)/profit before income tax expense	(384)	36	NMF	(1,067)	(20)	NMF	452	-	(999)	16	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net (loss)/profit for the period	(384)	36	NMF	(1,067)	(20)	NMF	452	-	(999)	16	NMF
Attributable to:											
- shareholders of the Company	(483)	(125)	NMF	(1,067)	(20)	NMF	452	-	(1,098)	(145)	NMF
- non-controlling interests	99	161	-38.5%	-	-	NMF	-	-	99	161	-38.5%
Net (loss)/profit for the period excluding IFRS 16	154	(961)	NMF	(1,067)	(20)	NMF	452	-	(461)	(981)	-53.0%
Attributable to:											
- shareholders of the Company	55	(1,122)	NMF	(1,067)	(20)	NMF	452	-	(560)	(1,142)	-51.0%
- non-controlling interests	99	161	-38.5%	-	-	NMF	-	-	99	161	-38.5%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

STATEMENT OF CASH FLOW	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	3Q23	3Q22	Change	3Q23	3Q22	Change	3Q23	3Q22	3Q23	3Q22	Change
Cash flows from operating activities											
Revenue received	17,147	14,036	22.2%	4,555	4,111	10.8%	(1,725)	(737)	19,977	17,410	14.7%
Cost of services paid	(9,307)	(8,053)	15.6%	(2,068)	(2,069)	0.0%	1,725	737	(9,650)	(9,385)	2.8%
Gross profit received	7,840	5,983	31.0%	2,487	2,042	21.8%	-	-	10,327	8,025	28.7%
Salaries paid	(2,606)	(2,392)	8.9%	(1,832)	(1,552)	18.0%	-	-	(4,438)	(3,944)	12.5%
General and administrative expenses paid	(1,612)	(1,059)	52.2%	(489)	(530)	-7.7%	-	-	(2,101)	(1,589)	32.2%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(2,051)</i>	<i>(1,429)</i>	<i>43.5%</i>	<i>(489)</i>	<i>(530)</i>	<i>-7.7%</i>	-	-	<i>(2,540)</i>	<i>(1,959)</i>	<i>29.7%</i>
Other operating income/(expense) and tax paid	(255)	(350)	-27.1%	(26)	(31)	-16.1%	-	-	(281)	(381)	-26.2%
Net cash flows from operating activities before income tax	3,367	2,182	54.3%	140	(71)	NMF	-	-	3,507	2,111	66.1%
Income tax paid	-	(10)	NMF	-	-	NMF	-	-	-	(10)	NMF
Net cash flows from operating activities	3,367	2,172	55.0%	140	(71)	NMF	-	-	3,507	2,101	66.9%
Net cash flows from operating activities, excluding IFRS 16	2,928	1,802	62.5%	140	(71)	NMF	-	-	3,068	1,731	77.2%
Cash flows from investing activities											
Cash outflow on Capex	(3,317)	(1,566)	NMF	(218)	(92)	NMF	-	-	(3,535)	(1,658)	NMF
Interest income received	105	117	-10.3%	4	14	-71.4%	-	-	109	131	-16.8%
Dividends and intersegment loans issued/received	(137)	(148)	-7.4%	-	-	NMF	-	-	(137)	(148)	-7.4%
Net cash flow from investing activities	(3,349)	(1,597)	NMF	(214)	(78)	NMF	-	-	(3,563)	(1,675)	NMF
Cash flows from financing activities											
Payment of finance lease liabilities	(96)	(154)	-37.7%	-	-	NMF	-	-	(96)	(154)	-37.7%
Interest expense paid on finance lease	(343)	(216)	58.8%	-	-	NMF	-	-	(343)	(216)	58.8%
Increase/(decrease) in borrowings	(1,040)	1,124	NMF	114	(235)	NMF	-	-	(926)	889	NMF
Interest expense paid	(1,286)	(837)	53.6%	(154)	(102)	51.0%	-	-	(1,440)	(939)	53.4%
Net cash flows from financing activities	(2,765)	(83)	NMF	(40)	(337)	-88.1%	-	-	(2,805)	(420)	NMF
Net cash flows from financing activities, excluding IFRS 16	(2,326)	287	NMF	(40)	(337)	-88.1%	-	-	(2,366)	(50)	NMF
Effect of exchange rates changes on cash and cash equivalents	(10)	5	NMF	(1)	(2)	NMF	-	-	(11)	3	NMF
Net increase/(decrease) in cash and cash equivalents	(2,757)	497	NMF	(115)	(488)	-76.5%	-	-	(2,872)	9	NMF
Cash and bank deposits, beginning	6,640	612	NMF	126	1,106	-88.5%	-	-	6,766	1,718	NMF
Cash and bank deposits, ending	3,883	1,109	NMF	11	618	-98.2%	-	-	3,894	1,727	NMF

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

STATEMENT OF CASH FLOW	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	9M23	9M22	Change	9M23	9M22	Change	9M23	9M22	9M23	9M22	Change
Cash flows from operating activities											
Revenue received	48,822	45,776	6.7%	12,266	16,050	-23.6%	(4,574)	(3,383)	56,514	58,443	-3.3%
Cost of services paid	(28,333)	(27,299)	3.8%	(7,094)	(9,222)	-23.1%	4,574	3,383	(30,853)	(33,138)	-6.9%
Gross profit received	20,489	18,477	10.9%	5,172	6,828	-24.3%	-	-	25,661	25,305	1.4%
Salaries paid	(7,629)	(7,430)	2.7%	(5,576)	(6,083)	-8.3%	-	-	(13,205)	(13,513)	-2.3%
General and administrative expenses paid	(5,497)	(3,888)	41.4%	(1,048)	(1,482)	-29.3%	-	-	(6,545)	(5,370)	21.9%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(6,345)</i>	<i>(4,865)</i>	<i>30.4%</i>	<i>(1,048)</i>	<i>(1,482)</i>	<i>-29.3%</i>	-	-	<i>(7,393)</i>	<i>(6,347)</i>	<i>16.5%</i>
Other operating income/(expense) and tax paid	(816)	(791)	3.2%	(92)	(116)	-20.7%	-	-	(908)	(907)	0.1%
Net cash flows from operating activities before income tax	6,547	6,368	2.8%	(1,544)	(853)	81.0%	-	-	5,003	5,515	-9.3%
Income tax paid	-	(20)	NMF	-	-	NMF	-	-	-	(20)	NMF
Net cash flows from operating activities	6,547	6,348	3.1%	(1,544)	(853)	81.0%	-	-	5,003	5,495	-9.0%
Net cash flows from operating activities, excluding IFRS 16	5,699	5,371	6.1%	(1,544)	(853)	81.0%	-	-	4,155	4,518	-8.0%
Cash flows from investing activities											
Cash outflow on Capex	(9,100)	(7,344)	23.9%	(966)	(739)	30.7%	-	-	(10,066)	(8,083)	24.5%
Interest income received	176	367	-52.0%	13	51	-74.5%	-	-	189	418	-54.8%
Dividends and intersegment loans issued/received	(384)	(451)	-14.9%	-	-	NMF	-	-	(384)	(451)	-14.9%
Net cash flow from investing activities	(9,308)	(7,428)	25.3%	(953)	(688)	38.5%	-	-	(10,261)	(8,116)	26.4%
Cash flows from financing activities											
Payment of finance lease liabilities	(230)	(464)	-50.4%	-	-	NMF	-	-	(230)	(464)	-50.4%
Interest expense paid on finance lease	(618)	(513)	20.5%	-	-	NMF	-	-	(618)	(513)	20.5%
Increase/(decrease) in borrowings	6,108	4,525	35.0%	1,777	(675)	NMF	-	-	7,885	3,850	NMF
Interest expense paid	(4,436)	(4,495)	-1.3%	(410)	(309)	32.7%	-	-	(4,846)	(4,804)	0.9%
Net cash flows from financing activities	824	(947)	NMF	1,367	(984)	NMF	-	-	2,191	(1,931)	NMF
Net cash flows from financing activities, excluding IFRS 16	1,672	30	NMF	1,367	(984)	NMF	-	-	3,039	(954)	NMF
Effect of exchange rates changes on cash and cash equivalents	(5)	(12)	-58.3%	-	-	NMF	-	-	(5)	(12)	-58.3%
Net increase/(decrease) in cash and cash equivalents	(1,942)	(2,039)	-4.8%	(1,130)	(2,525)	-55.2%	-	-	(3,072)	(4,564)	-32.7%
Cash and bank deposits, beginning	5,825	3,148	85.0%	1,141	3,143	-63.7%	-	-	6,966	6,291	10.7%
Cash and bank deposits, ending	3,883	1,109	NMF	11	618	-98.2%	-	-	3,894	1,727	NMF

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

BALANCE SHEET	Clinics					Diagnostic					Eliminations			Clinics & Diagnostics				
<i>GEL thousands, unless otherwise noted</i>	Sep-23	Jun-23	Change	Dec-22	Change	Sep-23	Jun-23	Change	Dec-22	Change	Sep-23	Jun-23	Dec-22	Sep-23	Jun-23	Change	Dec-22	Change
Cash and bank deposits	3,883	6,640	-41.5%	5,825	-33.3%	11	126	-91.3%	1,141	-99.0%	-	-	-	3,894	6,766	-42.4%	6,966	-44.1%
Receivables from healthcare services	13,203	14,452	-8.6%	11,495	14.9%	5,096	5,413	-5.9%	5,079	0.3%	(1,626)	(1,967)	(1,502)	16,673	17,898	-6.8%	15,072	10.6%
Property and equipment	92,577	105,375	-12.1%	102,904	-10.0%	15,802	15,759	0.3%	16,049	-1.5%	-	-	-	108,379	121,134	-10.5%	118,953	-8.9%
Right of use assets	13,939	14,600	-4.5%	12,593	10.7%	-	-	NMF	-	NMF	-	-	-	13,939	14,600	-4.5%	12,593	10.7%
Goodwill and other intangible assets	16,274	15,726	3.5%	14,291	13.9%	4,136	4,030	2.6%	2,847	45.3%	-	-	-	20,410	19,756	3.3%	17,138	19.1%
Inventory	1,850	1,974	-6.3%	2,022	-8.5%	1,744	1,738	0.3%	1,456	19.8%	-	-	-	3,594	3,712	-3.2%	3,478	3.3%
Prepayments	1,583	979	61.7%	2,075	-23.7%	4,569	4,572	-0.1%	4,543	0.6%	-	-	-	6,152	5,551	10.8%	6,618	-7.0%
Other assets	30,767	10,531	NMF	9,486	NMF	766	756	1.3%	760	0.8%	(1)	(301)	(297)	31,532	10,986	NMF	9,949	NMF
<i>Of which, securities and intercompany loans</i>	3,069	3,417	-10.2%	3,379	-9.2%	-	-	NMF	-	NMF	-	(276)	(272)	3,069	3,141	-2.3%	3,107	-1.2%
Total assets	174,076	170,277	2.2%	160,691	8.3%	32,124	32,394	-0.8%	31,875	0.8%	(1,627)	(2,268)	(1,799)	204,573	200,403	2.1%	190,767	7.2%
Borrowed Funds	63,116	63,735	-1.0%	56,908	10.9%	5,920	5,801	2.1%	4,196	41.1%	(288)	(283)	(272)	68,748	69,253	-0.7%	60,832	13.0%
Accounts payable	13,187	12,482	5.6%	11,782	11.9%	7,165	7,261	-1.3%	7,424	-3.5%	(1,339)	(1,985)	(1,527)	19,013	17,758	7.1%	17,679	7.5%
Other liabilities	20,103	17,503	14.9%	14,841	35.5%	943	921	2.4%	1,033	-8.7%	401	401	401	21,447	18,825	13.9%	16,275	31.8%
Total liabilities	96,406	93,720	2.9%	83,531	15.4%	14,028	13,983	0.3%	12,653	10.9%	(1,226)	(1,867)	(1,398)	109,208	105,836	3.2%	94,786	15.2%
Total shareholders' equity attributable to:	77,670	76,557	1.5%	77,160	0.7%	18,096	18,411	-1.7%	19,222	-5.9%	(401)	(401)	(401)	95,365	94,567	0.8%	95,981	-0.6%
Shareholders of the Company	76,675	75,591	1.4%	76,281	0.5%	18,096	18,411	-1.7%	19,222	-5.9%	(401)	(401)	(401)	94,370	93,601	0.8%	95,102	-0.8%
Non-controlling interest	995	966	3.0%	879	13.2%	-	-	NMF	-	NMF	-	-	-	995	966	3.0%	879	13.2%

Selected ratios and KPIs

	3Q23	3Q22	Change	9m23	9m22	Change
ROIC (%)	9.6%	9.0%	0.6ppts	11.9%	11.4%	0.5ppts
Group rent expenditure	10,311	8,954	15.2%	28,680	26,897	6.6%
<i>of which, Pharma</i>	9,310	8,006	16.3%	25,942	24,387	6.4%
Group capex (maintenance)	10,839	3,711	192.1%	22,312	12,824	74.0%
Group capex (growth)	21,370	7,062	202.6%	44,119	27,595	59.9%
Number of employees	15,629	15,438		15,629	15,438	
Number of physicians	3,477	3,249		3,477	3,249	
Number of nurses	3,159	3,036		3,159	3,036	
Nurse to doctor ratio, referral hospitals	0.91	0.93		0.91	0.93	
Number of pharmacists	2,834	2,953		2,834	2,953	
Hospitals	3Q23	3Q22	Change	9m23	9m22	Change
EBITDA margin of Hospitals excl. IFRS 16	12.6%	14.8%	-2.2ppts	16.6%	17.5%	-0.9 ppts
Direct salary rate (direct salary as % of revenue)	40.5%	38.5%	2.0ppts	38.5%	36.2%	2.3 ppts
Materials rate (direct materials as % of revenue)	17.5%	17.7%	-0.2ppts	17.4%	18.7%	-1.3 ppts
Administrative salary rate (administrative salaries as % of revenue)	13.2%	13.8%	-0.6ppts	12.6%	12.8%	-0.2 ppts
SG&A rate (SG&A expenses as % of revenue)	5.2%	5.1%	0.1ppts	5.0%	4.9%	0.1 ppts
Number of hospitals	16	16		16	16	
Number of referral hospital beds	2,524	2,524		2,524	2,524	
Bed occupancy rate	48.4%	43.6%	4.8ppts	53.2 ppts	52.1%	1.1 ppts
Bed occupancy rate, excluding Tbilisi Referral Hospital and Regional Hospital beds	50.3%	44.5%	5.8ppts	53.3 ppts	54.0%	-0.7 ppts
Bed occupancy rate, Regional Hospital beds	51.5%	47.1%	4.4ppts	62.5 ppts	50.9%	11.6 ppts
Bed occupancy rate, Tbilisi Referral Hospital beds	34.4%	34.0%	0.4ppts	44.0 ppts	41.1%	2.9 ppts
Average length of stay (days)	4.7	4.6	2.1%	5.0	5.1	-3.2%
Average revenue per hospital bed	109.5	106.7	2.6%	117.6	114.8	2.4%
Clinics	3Q23	3Q22	Change	9m23	9m22	Change
EBITDA margin of clinics excluding IFRS 16	31.2%	8.9%	22.3ppts	19.7 ppts	14.8%	4.9 ppts
EBITDA margin of polyclinics excluding IFRS 16	41.4%	10.3%	31.1ppts	24.7 ppts	16.7%	8.0 ppts
Direct salary rate (direct salary as % of revenue)	35.7%	37.6%	-1.9ppts	35.1 ppts	34.9%	0.2 ppts
Materials rate (direct materials as % of revenue)	5.5%	7.4%	-1.9ppts	5.0 ppts	9.2%	-4.2 ppts
Number of community clinics	18	19		18	19	
Number of community clinics beds	353	353		353	353	
Number of polyclinics	17	17		17	17	
Pharmacy and distribution	3Q23	3Q22	Change	9m23	9m22	Change
EBITDA margin excluding IFRS 16	10.5%	9.5%	1.0ppts	10.2 ppts	9.7%	0.5 ppts
Number of bills issued in mln	7.6	7.5	1.3%	23.1	22.5	2.7%
Average bill size	20.0	18.8	6.4%	19.5	19.1	2.1%
Revenue from wholesale as a percentage of total revenue from pharma	19.9%	21.8%	-1.9ppts	20.7 ppts	22.0%	-1.3 ppts
Revenue from retail as a percentage of total revenue from pharma	80.1%	78.2%	1.9ppts	79.3 ppts	78.0%	1.3 ppts
Revenue from para-pharmacy as a percentage of retail revenue from pharma	39.6%	37.4%	2.2ppts	39.6 ppts	35.7%	3.9 ppts
Total number of pharmacies, <i>of which:</i>	394	368	26	394	368	26
<i>Georgia</i>	381	359	22	381	359	22
<i>Armenia</i>	13	9	4	13	9	4
Medical insurance	3Q23	3Q22	Change	9m23	9m22	Change
Loss ratio	77.6%	81.3%	-3.7ppts	79.7 ppts	82.2%	-2.5 ppts
Expense ratio, <i>of which:</i>	16.8%	19.5%	-2.7ppts	15.6 ppts	18.7%	-3.1 ppts
<i>Commission ratio</i>	4.7%	5.4%	-0.7ppts	4.3 ppts	4.9%	-0.6 ppts
Combined ratio	94.4%	100.8%	-6.4ppts	95.3 ppts	100.9%	-5.6 ppts
Renewal rate	83.6%	85.0%	-1.4ppts	83.2 ppts	75.6%	7.6 ppts
Diagnostics	3Q23	3Q22	Change	9m23	9m22	Change
EBITDA margin excluding IFRS 16	4.2%	NMF	NMF	6.2%	5.9%	0.3 ppts
Number of patients served ('000)	164	214	-23.2%	577	768	-24.9%
Number of tests performed ('000)	560	525	6.7%	1,810	1,824	-0.8%
Average revenue per test GEL	7.7	8.5	-9.4%	7.5	8.9	-15.7%
Average number of tests per patient	3.4	2.5	36.0%	3.1	2.4	29.2%