



**GEORGIA
HEALTHCARE
GROUP**

1st Quarter and of 2025 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 | 1Q25 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 first quarter of 2025 consolidated financial results. Unless otherwise mentioned, comparatives are for the first quarter of 2024. 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 healthcare services business results¹

The healthcare services business, where GCAP owns 100% equity, is the largest healthcare market participant in Georgia comprising two segments: 1) hospitals (7 large and specialty hospitals – providing secondary and tertiary level healthcare services across Georgia and 27 regional and community hospitals – providing outpatient and basic inpatient services), and 2) clinics and diagnostics (16 polyclinics – providing outpatient diagnostic and treatment services and diagnostics – operating the largest laboratory in the entire Caucasus region “Mega Lab”).

1Q25 performance (GEL '000), healthcare services

INCOME STATEMENT HIGHLIGHTS	1Q25	1Q24	Change
Revenue, net ²	115,281	96,673	19.2%
Gross Profit	45,829	36,532	25.4%
Gross profit margin	39.4%	37.4%	2.0 ppts
Operating expenses (ex. IFRS 16)	(22,485)	(20,625)	9.0%
EBITDA (ex. IFRS 16)	23,344	15,907	46.8%
EBITDA margin (ex. IFRS 16)	20.1%	16.3%	3.8 ppts
Net income/(loss) (ex. IFRS 16)	1,320	(2,242)	NMF
CASH FLOW HIGHLIGHTS			
Cash flow from operating activities (ex. IFRS 16)	11,697	7,230	61.8%
EBITDA to cash conversion (ex. IFRS 16)	50.1%	45.5%	4.6 ppts
Cash flow (used in)/from investing activities ³	(11,268)	17,491	NMF
Free cash flow (ex. IFRS 16) ⁴	(772)	24,564	NMF
Cash flow from/(used in) financing activities (ex. IFRS 16)	15,251	(30,883)	NMF
BALANCE SHEET HIGHLIGHTS	31-Mar-25	31-Dec-24	Change
Total assets	864,016	828,101	4.3%
of which, cash balance and bank deposits	54,306	39,102	38.9%
of which, securities and loans issued	582	736	-20.9%
Total liabilities	473,213	441,552	7.2%
of which, borrowings	367,344	341,367	7.6%
Total equity	390,803	386,549	1.1%

INCOME STATEMENT HIGHLIGHTS

- The hospitals and clinics and diagnostics businesses represent approximately 80% and 20%, respectively, of the consolidated revenue of the healthcare services business.

Total revenue breakdown ⁵	1Q25	1Q24	Change
Total revenue, net	115,281	96,673	19.2%
Hospitals	94,527	80,749	17.1%
of which, large and specialty hospitals	62,284	53,872	15.6%
of which, regional and community hospitals	32,472	27,244	19.2%
Clinics and diagnostics	22,586	17,714	27.5%
of which, clinics	18,127	14,086	28.7%
of which, diagnostics	6,672	5,378	24.1%

- The developments in 1Q25 total revenue of the business reflect:
 - Increased demand for high revenue-generating outpatient services at our large and specialty hospitals, accounting for 35.7% of the revenue from this group of hospitals and marking a 2.5 ppts y-o-y increase. This performance also reflects the onboarding of reputable doctors with loyal patient bases in 1Q25.
 - A 3.3 ppts increase in the share of outpatient revenue in total, optimisation of the facilities and significant improvement in sales mix at our regional and community hospitals, leading to a 19.2% y-o-y increase in the revenue from this group of hospitals, notwithstanding a 10.7% y-o-y reduction in the number of admissions in 1Q25.
 - Robust performance of clinics and diagnostics business on the back of the favourable shift in sales mix and increased customer footprint resulting from the overall service enhancements.
- A 2.0 ppts y-o-y increase in the gross profit margin, apart from the revenue developments described above, reflects the following trends in direct salary and materials rates⁶ and utility costs:
 - Approximately 50% of direct salaries are fixed. This, on the back of increased revenues, led to a 0.8 ppts y-o-y improvement in the direct salary rate of the healthcare services business to 37.9% in 1Q25.
 - The materials rate improved by 0.4 ppts y-o-y and stood at 16.0% in 1Q25.
 - The utilities and other expenses increased by 9.8% y-o-y in 1Q25, mainly attributable to the unfavourable weather conditions in 1Q25 compared to 1Q24.

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

² Net revenue – Gross revenue less corrections and rebates. Margins are calculated from gross revenue.

³ Of which – capex of GEL 14.6 million in 1Q25 (GEL 12.2 million in 1Q24); proceeds from the sale of property of GEL 2.2 million in 1Q25 (GEL 29.6 million in 1Q25).

⁴ Operating cash flows less capex, plus net proceeds from the sale of assets.

⁵ Total figures take into account inter-business and inter-segment eliminations, and therefore do not equal the sum of the presented components.

⁶ The respective costs divided by gross revenues.

- Operating expenses (excl. IFRS 16) were up by 9.0% y-o-y in 1Q25, reflecting increased salary and rent expenses in line with the business expansion.
- The developments described above translated into a 46.8% y-o-y increase in EBITDA in 1Q25.

Total EBITDA (excl. IFRS 16) breakdown	1Q25	1Q24	Change
Total EBITDA	23,344	15,907	46.8%
Hospitals	18,117	12,338	46.8%
of which, large and specialty hospitals	12,087	9,090	33.0%
of which, regional and community hospitals	6,030	3,248	85.7%
Clinics and diagnostics	5,227	3,569	46.5%
of which, clinics	3,954	2,907	36.0%
of which, diagnostics	1,273	662	92.3%

- Net interest expense (excluding IFRS 16) was up by 27.9% y-o-y in 1Q25, reflecting increased interest rates on the market as well as increased net debt balance as outlined below.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt balance was up by 7.6% y-o-y in 1Q25, reflecting capex investments in the amount of GEL 14.6 million in 1Q25 (GEL 12.2 million in 1Q24). This includes a) the development capex of GEL 9.0 million in 1Q25 related to expansion of service offerings and upgrade of medical equipment primarily in outpatient direction, and b) the maintenance capex of GEL 5.6 million.
- The EBITDA to cash conversion ratio stood at 50.1% in 1Q25, reflecting the delay in the collection of receivables from the State, where the typical collection period ranges from three to six months.
- The net debt to EBITDA leverage ratio improved to 4.1x q-o-q as at 31-Mar-25 (down from 4.3x as at 31-Dec-24).

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business key operating performance highlights for 1Q25 are noted below:

Key metrics	1Q25	1Q24	Change
Hospitals			
Number of admissions (thousands):	400.0	409.7	-2.4%
of which, large and specialty hospitals	188.0	172.3	9.1%
of which, regional and community hospitals	212.0	237.4	-10.7%
Occupancy rates:			
of which, large and specialty hospitals	73.8%	69.8%	4.0 pts
of which, regional and community hospitals	76.9%	81.5%	-4.7 pts
Clinics			
Number of admissions (thousands):	503.4	461.4	9.1%
Diagnostics			
Number of patients served (thousands)	230	221	4.0%
Average number of tests per patient	3.0	2.9	3.2%

SELECTED FINANCIAL INFORMATION – *Healthcare*

INCOME STATEMENT	Hospitals			Clinics & Diagnostics			Eliminations		Healthcare		
<i>GEL thousands, unless otherwise noted</i>	1Q25	1Q24	Change	1Q25	1Q24	Change	1Q25	1Q24	1Q25	1Q24	Change
Revenue, gross	95,466	81,720	16.8%	22,587	17,736	27.4%	(1,832)	(1,790)	116,221	97,666	19.0%
Corrections & rebates	(939)	(971)	-3.3%	(1)	(22)	-95.5%	-	-	(940)	(993)	-5.3%
Revenue, net	94,527	80,749	17.1%	22,586	17,714	27.5%	(1,832)	(1,790)	115,281	96,673	19.2%
Costs of services	(60,668)	(52,945)	14.6%	(10,704)	(8,988)	19.1%	1,920	1,792	(69,452)	(60,141)	15.5%
Cost of salaries and other employee benefits	(37,470)	(32,323)	15.9%	(6,554)	(5,453)	20.2%	-	-	(44,024)	(37,776)	16.5%
Cost of materials and supplies	(15,914)	(13,716)	16.0%	(2,799)	(2,352)	19.0%	80	-	(18,633)	(16,068)	16.0%
Cost of medical service providers	(1,989)	(1,912)	4.0%	(222)	(333)	-33.3%	1,834	1,792	(377)	(453)	-16.8%
Cost of utilities and other	(5,295)	(4,994)	6.0%	(1,129)	(850)	32.8%	6	-	(6,418)	(5,844)	9.8%
Gross profit	33,859	27,804	21.8%	11,882	8,726	36.2%	88	2	45,829	36,532	25.4%
Gross profit margin	35.5%	34.0%	1.5 ppts	52.6%	49.2%	3.4 ppts			39.4%	37.4%	2.0 ppts
Salaries and other employee benefits	(12,789)	(10,667)	19.9%	(3,780)	(3,057)	23.7%	-	-	(16,569)	(13,724)	20.7%
General and administrative expenses	(3,140)	(3,744)	-16.1%	(1,835)	(1,596)	15.0%	4	8	(4,971)	(5,332)	-6.8%
<i>General and administrative expenses excluding IFRS 16</i>	(3,370)	(3,858)	-12.6%	(2,831)	(2,218)	27.6%	4	8	(6,197)	(6,068)	2.1%
Impairment of receivables	(1,384)	(1,987)	-30.3%	(94)	(51)	84.3%	-	-	(1,478)	(2,038)	-27.5%
Other operating income/(expense)	1,801	1,046	72.2%	50	169	-70.4%	(92)	(10)	1,759	1,205	46.0%
EBITDA	18,347	12,452	47.3%	6,223	4,191	48.5%	-	-	24,570	16,643	47.6%
EBITDA excluding IFRS 16	18,117	12,338	46.8%	5,227	3,569	46.5%	-	-	23,344	15,907	46.8%
EBITDA margin excluding IFRS 16	19.0%	15.1%	3.9 ppts	23.1%	20.1%	3.0 ppts	0.0%	0.0%	20.1%	16.3%	3.8 ppts
Depreciation and amortization	(9,517)	(8,944)	6.4%	(2,655)	(2,190)	21.2%	-	-	(12,172)	(11,134)	9.3%
<i>Depreciation and amortization excluding IFRS 16</i>	(8,870)	(8,403)	5.6%	(1,922)	(1,639)	17.3%	-	-	(10,792)	(10,042)	7.5%
Net interest expense	(9,613)	(7,252)	32.6%	(1,080)	(1,106)	-2.4%	-	-	(10,693)	(8,358)	27.9%
<i>Net interest expense excluding IFRS 16</i>	(9,573)	(7,169)	33.5%	(591)	(776)	-23.8%	-	-	(10,164)	(7,945)	27.9%
Net gain/(loss) from foreign currencies	12	119	-89.9%	270	303	-10.9%	-	-	282	422	-33.2%
<i>Net gain/(loss) from foreign currencies excluding IFRS 16</i>	(22)	130	NMF	(110)	347	NMF	-	-	(132)	477	NMF
Net non-recurring items	(794)	(481)	65.1%	(142)	(158)	-10.1%	-	-	(936)	(639)	46.5%
Net (loss)/profit before income tax expense	(1,565)	(4,106)	-61.9%	2,616	1,040	NMF	-	-	1,051	(3,066)	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net (loss)/profit for the period	(1,565)	(4,106)	-61.9%	2,616	1,040	NMF	-	-	1,051	(3,066)	NMF
Attributable to:											
- shareholders of the Company	(2,395)	(4,952)	-51.6%	2,611	1,033	NMF	-	-	216	(3,919)	NMF
- non-controlling interests	830	846	-1.9%	5	7	-28.6%	-	-	835	853	-2.1%
Net (loss)/profit for the period excluding IFRS 16	(1,142)	(3,585)	-68.1%	2,462	1,343	83.3%	-	-	1,320	(2,242)	NMF
Attributable to:											
- shareholders of the Company	(1,972)	(4,431)	-55.5%	2,457	1,336	83.9%	-	-	485	(3,095)	NMF
- non-controlling interests	830	846	-1.9%	5	7	-28.6%	-	-	835	853	-2.1%

SELECTED FINANCIAL INFORMATION – *Healthcare, continued*

STATEMENT OF CASH FLOW	Hospitals			Clinics & Diagnostics			Eliminations		Healthcare		
<i>GEL thousands, unless otherwise noted</i>	1Q25	1Q24	Change	1Q25	1Q24	Change	1Q25	1Q24	1Q25	1Q24	Change
Cash flows from operating activities											
Revenue received	79,574	77,820	2.3%	21,349	13,965	52.9%	(1,578)	(2,727)	99,345	89,058	11.6%
Cost of services paid	(52,901)	(51,619)	2.5%	(10,313)	(3,762)	NMF	1,578	2,727	(61,636)	(52,654)	17.1%
Gross profit received	26,673	26,201	1.8%	11,036	10,203	8.2%	-	-	37,709	36,404	3.6%
Salaries paid	(12,953)	(11,764)	10.1%	(3,490)	(3,490)	NMF	-	-	(16,443)	(15,254)	7.8%
General and administrative expenses paid	(6,035)	(7,015)	-14.0%	(2,163)	(1,273)	69.9%	-	-	(8,198)	(8,288)	-1.1%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(6,276)</i>	<i>(7,129)</i>	<i>-12.0%</i>	<i>(3,159)</i>	<i>(1,895)</i>	<i>66.7%</i>	-	-	<i>(9,435)</i>	<i>(9,024)</i>	<i>4.6%</i>
Other operating income/(expense) and tax paid	39	(4,805)	NMF	(165)	(90)	83.3%	-	-	(126)	(4,895)	-97.4%
Net cash flows from operating activities before income tax	7,724	2,617	NMF	5,218	5,350	-2.5%	-	-	12,942	7,967	62.4%
Income tax paid	(8)	(1)	NMF	-	-	NMF	-	-	(8)	(1)	NMF
Net cash flows from operating activities	7,716	2,616	NMF	5,218	5,350	-2.5%	-	-	12,934	7,966	62.4%
Net cash flows from operating activities, excluding IFRS 16	7,475	2,502	NMF	4,222	4,728	-10.7%	-	-	11,697	7,230	61.8%
Cash flows from investing activities											
Cash outflow on Capex	(12,046)	(11,425)	5.4%	(2,593)	(791)	NMF	-	-	(14,639)	(12,216)	19.8%
Acquisition of subsidiaries/payments of holdback	(48)	-	NMF	(12)	-	NMF	-	-	(60)	-	NMF
Interest income received	584	510	14.5%	70	3	NMF	-	-	654	513	27.5%
Proceeds from sale of PPE/subsidiary	-	29,550	NMF	2,230	-	NMF	-	-	2,230	29,550	-92.5%
Dividends and intersegment loans issued/received	9,905	(1,042)	NMF	(2,150)	(314)	NMF	(7,208)	1,000	547	(356)	NMF
Net cash flows (used in)/from investing activities	(1,605)	17,593	NMF	(2,455)	(1,102)	NMF	(7,208)	1,000	(11,268)	17,491	NMF
Cash flows from financing activities											
Dividends paid	-	(2,414)	NMF	-	-	NMF	-	-	-	(2,414)	NMF
Payment of finance lease liabilities	(201)	(51)	NMF	(507)	(292)	73.6%	-	-	(708)	(343)	NMF
Interest expense paid on finance lease	(40)	(63)	-36.5%	(489)	(330)	48.2%	-	-	(529)	(393)	34.6%
Increase/(decrease) in borrowings	28,154	(15,197)	NMF	(1,894)	(1,726)	9.7%	-	(1,000)	26,260	(17,923)	NMF
Interest expense paid	(10,457)	(9,817)	6.5%	(552)	(729)	-24.3%	-	-	(11,009)	(10,546)	4.4%
Net cash flows from/(used in) financing activities	17,456	(27,542)	NMF	(3,442)	(3,077)	11.9%	-	(1,000)	14,014	(31,619)	NMF
Net cash flows from/(used in) financing activities, excluding IFRS 16	17,697	(27,428)	NMF	(2,446)	(2,455)	-0.4%	-	(1,000)	15,251	(30,883)	NMF
Effect of exchange rates changes on cash and cash equivalents	(464)	(128)	NMF	(12)	-	NMF	-	-	(476)	(128)	NMF
Net increase/(decrease) in cash and cash equivalents	23,103	(7,461)	NMF	(691)	1,171	NMF	(7,208)	-	15,204	(6,290)	NMF
Cash and bank deposits, beginning	27,600	9,758	NMF	4,294	4,500	-4.6%	7,208	(6)	39,102	14,252	NMF
Cash and bank deposits, ending	50,703	2,297	NMF	3,603	5,671	-36.5%	-	(6)	54,306	7,962	NMF

SELECTED FINANCIAL INFORMATION – *Healthcare, continued*

BALANCE SHEET	Hospitals			Clinics & Diagnostics			Eliminations	
<i>GEL thousands, unless otherwise noted</i>	Mar-25	Dec-24	Change	Mar-25	Dec-24	Change	Mar-25	Dec-24
Cash and bank deposits	50,703	27,600	83.7%	3,603	4,294	-16.1%	-	7,208
Receivables from healthcare services	92,581	81,172	14.1%	10,951	9,882	10.8%	(2,126)	(6,514)
Property and equipment	456,748	457,374	-0.1%	61,706	62,852	-1.8%	(1,359)	(6,677)
Right of use assets	1,246	1,260	-1.1%	23,342	24,459	-4.6%	-	-
Goodwill and other intangible assets	73,197	72,403	1.1%	20,309	18,903	7.4%	1,035	229
Inventory	23,800	24,602	-3.3%	3,567	3,566	0.0%	-	2,313
Prepayments	12,534	8,782	42.7%	5,766	6,209	-7.1%	(4)	(451)
Other assets	36,993	32,174	15.0%	4,053	5,834	-30.5%	(15,211)	(10,109)
<i>Of which, securities and intercompany loans</i>	5,854	5,995	-2.4%	50	2,000	-97.5%	(5,322)	(7,259)
Total assets	747,802	705,367	6.0%	133,297	135,999	-2.0%	(17,083)	(13,265)
Borrowed Funds	339,640	296,770	14.4%	33,026	38,416	-14.0%	(5,322)	6,181
Accounts payable	27,145	29,119	-6.8%	11,457	10,232	12.0%	(14,477)	(20,237)
Other liabilities	40,420	40,543	-0.3%	32,927	33,802	-2.6%	8,397	6,726
Total liabilities	407,205	366,432	11.1%	77,410	82,450	-6.1%	(11,402)	(7,330)
Total shareholders' equity attributable to:	340,597	338,935	0.5%	55,887	53,549	4.4%	(5,681)	(5,935)
Shareholders of the Company	304,655	303,208	0.5%	55,977	53,667	4.3%	(6,693)	(7,954)
Non-controlling interest	35,942	35,727	0.6%	(113)	(118)	-4.2%	1,035	2,019