



**GEORGIA
HEALTHCARE
GROUP**

2nd quarter and half-year 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 | 2Q23 & 1H23 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: impact of COVID-19; regional instability; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; and other key factors that 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 this document and Georgia Capital PLC's Annual Report and Accounts 2020. 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 three business lines: a healthcare services business, a pharmacy and distribution business and a medical insurance 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 2020, continues to be listed on the premium segment of LSE (LN:CGEO).

Below is presented the Group’s and its businesses second quarter and half-year 2023 consolidated financial results. Unless otherwise mentioned, comparatives are for the 2nd quarter 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 33% 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 383 pharmacies (of which 371 are in Georgia and 12 are in Armenia) and 11 franchise stores (of which, four are in Armenia and Azerbaijan).

2Q23 & 1H23 performance (GEL '000), Retail (pharmacy)¹

Unaudited

INCOME STATEMENT HIGHLIGHTS

	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net	202,264	192,100	5.3%	400,547	390,902	2.5%
Of which, retail	160,022	149,739	6.9%	316,220	304,617	3.8%
Of which, wholesale	42,242	42,361	-0.3%	84,327	86,285	-2.3%
Gross Profit	59,865	55,745	7.4%	119,159	114,842	3.8%
Gross profit margin	29.6%	29.0%	0.6ppts	29.7%	29.4%	0.3ppts
Operating expenses (ex. IFRS 16)	(39,934)	(37,896)	5.4%	(78,713)	(76,376)	3.1%
EBITDA (ex. IFRS 16)	19,931	17,849	11.7%	40,446	38,466	5.1%
EBITDA margin, (ex. IFRS 16)	9.9%	9.3%	0.6ppts	10.1%	9.8%	0.3ppts
Net profit (ex. IFRS 16)	12,751	19,477	-34.5%	33,348	36,522	-8.7%

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	3,145	18,406	-82.9%	17,717	35,212	-49.7%
EBITDA to cash conversion	15.8%	103.1%	-87.3ppts	43.8%	91.5%	-47.7ppts
Cash flow from investing activities²	(84,964)	(25,278)	NMF	(78,139)	(45,672)	71.1%
Free cash flow, (ex. IFRS 16)³	(85,637)	(17,780)	NMF	(66,186)	(19,744)	NMF
Cash flow used in financing activities (ex. IFRS 16)	23,247	24,864	-6.5%	15,181	15,167	0.1%

BALANCE SHEET HIGHLIGHTS

	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change
Total assets	552,064	581,595	-5.1%	576,060	-4.2%
Of which, cash and bank deposits	29,514	88,179	-66.5%	75,279	-60.8%
Of which, securities and loans issued	20,509	22,365	-8.3%	22,857	-10.3%
Total liabilities	502,395	499,210	0.6%	515,081	-2.5%
Of which, borrowings	178,870	127,431	40.4%	131,547	36.0%
Of which, lease liabilities	115,331	110,035	4.8%	107,455	7.3%
Total equity	49,669	82,385	-39.7%	60,979	-18.5%

INCOME STATEMENT HIGHLIGHTS

- A y-o-y increase in 2Q23 and 1H23 total revenues was mainly driven by the continued expansion of the pharmacy chain and franchise stores and the overall growth in the Georgian economy. The increase in revenues was partially subdued by a) a significant decrease in product prices, due to GEL's appreciation against foreign currencies (the FX effect is directly transmitted into the pricing as c.70% of the inventory purchases are denominated in foreign currencies), and b) the implementation of the External Reference Pricing model, which introduces a maximum retail price on targeted prescription medicines that are financed by the State.
- The improvement in the gross profit margins in 2Q23 and 1H23 reflects a) increased sales of high-margin para-pharmacy products in the retail business line (revenue from para-pharmacy, as a percentage of retail revenue, was 39.4% in 2Q23 compared to 35.2% in 2Q22 (39.5% in 1H23 compared to 34.9% in 1H22)) and b) positive developments in the wholesale business line, notwithstanding the y-o-y revenue reduction.
- Operating expenses remained well managed, with positive operating leverage of 2.0% in 2Q23 and 0.7% in 1H23.
- As a result, the business posted strong EBITDA margins (excluding IFRS 16) of 9.9% (up 60 bps y-o-y) and 10.1% (up 30 bps y-o-y) in 2Q23 and 1H23, respectively.
- Interest expense (excluding IFRS 16) was up 20.7% y-o-y in 2Q23 (up 5.9% y-o-y in 1H23), reflecting the increased average net debt balance, as described below.
- The business posted GEL 12.8 million net profit excluding IFRS 16 in 2Q23, down 34.5% y-o-y, further reflecting higher FX gain in 2Q22 due to the GEL's appreciation against the basket of foreign currencies last year. Net profit (excluding IFRS 16) in 1H23 amounted to GEL 33.3 million, down 8.7% y-o-y.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt balance was up to GEL 128.9 million in 2Q23, from GEL 16.9 million in 1Q23, reflecting a) payment of GEL 89.1 million consideration to execute the minority buyout, and b) a GEL 20.1 million dividend payment to GCAP in 2Q23.
- A temporary decrease in EBITDA to cash conversion ratio in 2Q23 and 1H23 was due to the advance payments made by the business to some of its vendors in order to obtain supplier discounts. EBITDA to cash conversion ratio is expected to normalize in the second half of 2023.

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 5.1 million in 2Q23 and GEL 9.4 million in 1H23 (GEL 5.0 million in 2Q22 and GEL 13.8 million in 1H22); cash outflow on minority acquisition of GEL 89.1 million in 2Q23 and 1H23 (GEL 31.2 million in 2Q22 and GEL 42.2 million in 1H22); proceeds from sale of PPE of GEL 5.4 million in 2Q23 and GEL 14.6 million in 1H23 (none in 1H23); and proceeds from sale of bonds, securities and respective interest income received of GEL 3.8 million in 2Q23 and GEL 5.8 million in 1H23 (GEL 10.9 million in 2Q22 and GEL 9.3 million in 1H22)

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

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- In 2Q23 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% in 2Q23 from 77.0% in 1Q23. The acquisition of the remaining 2.4% minority interest will be spread out over the next ten years.
- The business added 19 pharmacies and 3 franchise stores (one of which is Carter's) over the last 12 months.

<i>Unaudited</i>	Jun-23	Mar-23	Change (q-o-q)	Jun-22	Change (y-o-y)
Number of pharmacies	383	378	5	366	17
<i>Of which, Georgia</i>	371	368	3	358	13
<i>Of which, Armenia</i>	12	10	2	8	4
Number of franchise stores	11	11	-	8	3
<i>Of which, Georgia</i>	7	7	-	6	1
<i>Of which, Armenia</i>	2	2	-	2	-
<i>Of which, Azerbaijan</i>	2	2	-	-	2

- Retail (Pharmacy)'s key operating performance highlights for 2Q23 and 1H23 are noted below:

Key metrics (Unaudited)	2Q23	2Q22	Change	1H23	1H22	Change
<i>Same store revenue growth</i>	2.8%	-1.6%	4.4ppts	-0.2%	5.0%	-5.2ppts
<i>Number of bills issued (mln)</i>	7.9	7.4	5.8%	15.5	15.0	3.3%
<i>Average bill size (GEL)</i>	19.3	18.7	3.3%	19.3	18.9	2.1%

The same store revenue growth in 2Q23 reflects the continued expansion of the business, while a 5.2ppts y-o-y decrease in 1H23 same store revenue growth was attributable to the recalibration of product prices due to GEL's appreciation against foreign currencies. If measured on a constant currency basis (excluding the impact of FX movements), the same store revenue growth would stand at c.9% and c.7%, in 2Q23 and 1H23 y-o-y, respectively.

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 with a total of 2,524 beds, providing secondary and tertiary level healthcare services across Georgia.

2Q23 & 1H23 performance (GEL '000), Hospitals⁴

Unaudited

INCOME STATEMENT HIGHLIGHTS

	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net⁵	78,496	72,483	8.3%	152,161	149,557	1.7%
Gross Profit	28,352	26,576	6.7%	54,338	54,353	NMF
Gross profit margin	35.8%	36.1%	-0.3ppts	35.4%	35.8%	-0.4ppts
Operating expenses (ex. IFRS 16)	(13,651)	(13,118)	4.1%	(26,013)	(25,805)	0.8%
EBITDA (ex. IFRS 16)	14,701	13,458	9.2%	28,325	28,548	-0.8%
EBITDA margin (ex. IFRS 16)	18.5%	18.3%	0.2ppts	18.4%	18.8%	-0.4ppts
Net (loss)/profit (ex. IFRS 16)⁶	(376)	1,767	NMF	(1,204)	4,784	NMF

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	(3,963)	4,027	NMF	(6,944)	14,616	NMF
EBITDA to cash conversion (ex. IFRS 16)	-27.0%	29.9%	-56.9ppts	-24.5%	51.2%	-75.7ppts
Cash flow used in investing activities⁷	(7,864)	5,192	NMF	(14,043)	2,312	NMF
Free cash flow (ex. IFRS 16)⁸	(11,973)	5,637	NMF	(21,391)	14,248	NMF
Cash flow from financing activities (ex. IFRS 16)	(3,875)	(25,570)	-84.8%	4,752	(45,899)	NMF

BALANCE SHEET HIGHLIGHTS

	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change
Total assets	633,651	628,175	0.9%	614,705	3.1%
Of which, cash balance and bank deposits	4,991	20,846	-76.1%	21,625	-76.9%
Of which, securities and loans issued	8,575	8,374	2.4%	14,040	-38.9%
Total liabilities	291,437	286,023	1.9%	270,418	7.8%
Of which, borrowings	227,093	223,317	1.7%	213,880	6.2%
Total equity	342,214	342,152	NMF	344,287	-0.6%

INCOME STATEMENT HIGHLIGHTS

- A strong y-o-y rebound in 2Q23 revenue reflects the gradual organic return to pre-pandemic levels of activity, as following the suspension of COVID contracts by the Government in 1Q22, the patient traffic has been returning to normal levels.
- 1H23 y-o-y revenue growth reflects a strong 2Q23 performance, as described above, partially offset by a higher base effect of the following factors on the 1Q23 results:
 - 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.
- Adjusted for the temporary closure of Iashvili Hospital and the absence of revenues from the Traumatology Hospital, the 1H23 revenue was up by 5.7% y-o-y.
- 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 1.5 ppts to 37.6% in 2Q23 and up 2.4 ppts to 37.6% in 1H23, is mainly attributable to increased minimum salary rates for medical staff.
 - Phasing out of COVID as well as the completion of the transfer of the hospitals business' procurement department from pharmacy to hospitals (which began in January 2021 and was completed in December 2022), led to an improvement in materials rate (17.6% in 2Q23 compared to 18.4% in 2Q22 and 17.4% in 1H23 compared to 19.1% in 1H22).
 - Utilities and other costs were up y-o-y by 6.2% in 2Q23 and up 5.6% in 1H23, resulting from inflation pressures.
- Well-managed administrative salaries and other employee benefits as well as a decrease in general and administrative expenses (excl. IFRS 16) (down 6.1% in 2Q23 y-o-y) resulted in positive operating leverage of 2.6% in 2Q23. Overall in 1H23 operating leverage was negative at 0.8% further reflecting an increase in general and administrative expenses (excl. IFRS 16) in 1H23 (up 3.8% y-o-y), due to the launch of new products and services and increased marketing costs to support the transition to the post-COVID environment.

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

⁷ Of which - capex of GEL 8.7 million in 2Q23 (GEL 5.3 million in 2Q22) and GEL 16.7 million in 1H23 (GEL 9.1 million in 1H22).

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

⁹ The respective costs divided by gross revenues.

- The developments described above resulted in a 9.2% and 0.2 ppts y-o-y increase in EBITDA (excl. IFRS 16) and EBITDA margin in 2Q23. The 1H23 EBITDA was down 0.8% y-o-y, which adjusted for the temporary closure of Iashvili Hospital and the absence of revenues from the Traumatology Hospital was up by 11.1% y-o-y.
- Net interest expense (excluding IFRS 16) was up by 42.3% in 2Q23 and up 38.6% in 1H23, y-o-y, reflecting the increased net debt balance as described below.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Net debt balance was up 10.0% q-o-q and up 19.8% YTD, mainly resulting from the delay in the collection of receivables from the State in 2023 due to one-off processing delays associated with the introduction of Diagnosis Related Group ("DRG") financing system.
- Negative cash flow from operating activities (excl. IFRS 16) was due to the delay in the collection of receivables from the State in 1H23.
- Capex investment was GEL 8.7 million in 2Q23, mainly reflecting maintenance capex at hospitals. In 1H23 the capex investment of GEL 16.7 million apart from maintenance capex also includes renovation works in Iashvili Hospital.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business key operating performance highlights for 2Q23 and 1H23 are noted below:

Key metrics (Unaudited)	2Q23	2Q22	Change	1H23	1H22	Change
Occupancy rate	57.3%	57.9%	-0.6 ppts	55.6%	59.9%	-4.3 ppts
Number of admissions (thousands)	285.5	301.7	-5.4%	547.9	616.4	-11.1%

2Q23 and 1H23 revenues were up notwithstanding the y-o-y decrease in the occupancy rate and the number of admissions in both reporting periods. This reflects the change in service mix and increased demand for elective care and outpatient services, which is in line with the planned transition to the post-COVID operating environment.

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 1Q23 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.

2Q23 & 1H23 performance (GEL '000), Medical Insurance

(GEL '000) Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q23	2Q22	Change	1H23	1H22	Change
Insurance revenue	23,630	18,714	26.3%	45,440	36,396	24.8%
Net underwriting profit	3,515	2,035	72.7%	6,895	4,603	49.8%
Net investment profit	1,222	985	24.1%	2,284	1,877	21.7%
Net profit	1,428	506	NMF	3,212	1,135	NMF
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	1,846	426	NMF	3,334	(940)	NMF
Free cash flow	846	160	NMF	2,294	(1,304)	NMF
BALANCE SHEET HIGHLIGHTS	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change	
Total assets	69,581	68,000	2.3%	65,578	6.1%	
Total equity	39,753	38,306	3.8%	35,396	12.3%	

INCOME STATEMENT HIGHLIGHTS

- The increase in 2Q23 and 1H23 insurance revenue is due to the 8.0% y-o-y increase in the total number of insured clients (c.173,000 as of Jun-23), mainly in the corporate client segment.
- 1H23 net claims expenses stood at GEL 36.7 million (up 21.9% y-o-y), out of which:
 - GEL 16.5 million (45.0% of the total) was inpatient;
 - GEL 14.0 million (38.1% of the total) was outpatient; and
 - GEL 6.2 million (16.9% of the total) was related to pharmaceuticals.
- The business maintained a targeted loss ratio of 81.0% in 2Q23 and 80.7% in 1H23, down 3.3 ppts and 2.0 ppts y-o-y, respectively.
- A 3.3 ppts and 3.2 ppts y-o-y decrease in the expense ratio in 2Q23 and 1H23, was due to the top-line growth of the business while operating expenses remained flat. These translated into a 6.6 ppts and 5.2 ppts y-o-y decrease in the combined ratio, respectively.
- The developments described above led to a more than 180% y-o-y increase in the 1Q23 and 1H23 net profits.

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The business remains one of the largest medical insurers on the market with a 19.4% market share based on 1Q23 net insurance premiums. The insurance renewal rate was up 12.5 ppts y-o-y to 83.0% in 1H23.

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 with 353 beds (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”.

2Q23 & 1H23 performance (GEL '000), Clinics and Diagnostics¹⁰

Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net¹¹	20,993	17,795	18.0%	40,890	43,723	-6.5%
Of which, clinics	17,917	15,188	18.0%	34,986	34,795	0.5%
Of which, diagnostics	4,776	3,937	21.3%	9,192	11,765	-21.9%
Of which, inter-business eliminations	(1,700)	(1,330)	27.8%	(3,288)	(2,837)	15.9%
Gross Profit	9,365	7,546	24.1%	17,766	17,999	-1.3%
Gross profit margin	43.8%	42.2%	1.6ppts	42.8%	41.0%	1.8 ppts
Operating expenses (ex. IFRS 16)	(6,191)	(5,247)	18.0%	(12,017)	(10,980)	9.4%
EBITDA (ex. IFRS 16)	3,174	2,299	38.1%	5,749	7,019	-18.1%
EBITDA margin (ex. IFRS 16)	14.8%	12.9%	1.9 ppts	13.8%	16.0%	-2.2 ppts
Net (loss)/profit (ex. IFRS 16)	(1,233)	(1,230)	0.2%	(1,704)	352	NMF
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	2,126	1,712	24.2%	1,088	2,788	-61.0%
EBITDA to cash conversion (ex. IFRS 16)	67.0%	74.5%	-7.5ppts	18.9%	39.7%	-20.8ppts
Cash flow used in investing activities	(3,720)	(4,000)	-7.0%	(6,698)	(6,442)	4.0%
Free cash flow (ex. IFRS 16)¹²	(1,482)	(2,325)	-36.3%	(5,443)	(3,638)	49.6%
Cash flow from financing activities (ex. IFRS 16)	1,132	440	NMF	5,406	(903)	NMF
BALANCE SHEET HIGHLIGHTS						
	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change	
Total assets	200,568	195,537	2.6%	190,767	5.1%	
Of which, cash balance and bank deposits	6,766	7,224	-6.3%	6,966	-2.9%	
Of which, securities and loans issued	3,141	3,081	1.9%	3,107	1.1%	
Total liabilities	106,001	99,335	6.7%	94,786	11.8%	
Of which, borrowings	69,253	65,820	5.2%	60,832	13.8%	
Total equity	94,567	96,202	-1.7%	95,981	-1.5%	

Discussion of results, Clinics

(GEL '000) Unaudited

INCOME STATEMENT HIGHLIGHTS	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net⁴⁹	17,917	15,188	18.0%	34,986	34,795	0.5%
Of which, polyclinics	12,410	10,404	19.3%	23,832	20,886	14.1%
Of which, community clinics	5,507	4,784	15.1%	11,154	13,908	-19.8%
Gross Profit	8,118	6,763	20.0%	15,501	14,940	3.8%
Gross profit margin	44.4%	44.3%	0.1ppts	43.5%	42.7%	0.8ppts
Operating expenses (ex. IFRS 16)	(5,341)	(4,349)	22.8%	(10,405)	(8,881)	17.2%
EBITDA (ex. IFRS 16)	2,777	2,414	15.0%	5,096	6,059	-15.9%
EBITDA margin (ex. IFRS 16)	15.2%	15.8%	-0.6ppts	14.3%	17.3%	-3.0ppts
Net (loss)/profit (ex. IFRS 16)	(1,087)	(808)	34.5%	(1,404)	24	NMF
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	2,398	2,146	11.7%	2,771	3,569	-22.4%
EBITDA to cash conversion (ex. IFRS 16)	86.4%	88.9%	-2.5ppts	54.4%	58.9%	-4.5ppts
Cash flow used in investing activities¹³	(3,571)	(3,728)	-4.2%	(5,959)	(5,831)	2.2%
Free cash flow (ex. IFRS 16)¹⁴	(1,059)	(1,602)	-33.9%	(3,012)	(2,209)	36.4%
Cash flow from financing activities (ex. IFRS 16)	637	778	-18.1%	3,998	(257)	NMF
BALANCE SHEET HIGHLIGHTS						
	30-Jun-23	31-Mar-23	Change	31-Dec-22	Change	
Total assets	170,277	165,035	3.2%	160,691	6.0%	
Of which, cash balance and bank deposits	6,640	7,170	-7.4%	5,825	14.0%	
Of which, securities and loans issued	3,417	3,357	1.8%	3,379	1.1%	
Total liabilities	93,720	87,502	7.1%	83,531	12.2%	
Of which, borrowings	63,735	60,914	4.6%	56,908	12.0%	
Total equity	76,557	77,533	-1.3%	77,160	-0.8%	

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 3.5 million in 2Q23 and GEL 5.8 million in 1H23 (GEL 3.7 million in 2Q22 and GEL 5.8 million in 1H22).

INCOME STATEMENT HIGHLIGHTS

- Similar to the hospitals business, the organic transition to the post-COVID operating environment, has been positively reflected in the 2Q23 net revenue of the clinics business. Net revenue from polyclinics was up by 19.3%, while the revenue from community clinics increased by 15.1%, y-o-y in 2Q23, both reflecting significant growth in revenues from regular ambulatory services.
- The increase in 1H23 net revenue reflects the strong 2Q23 performance, as described above, partially offset by the suspension of COVID contracts in March 2022 and the related y-o-y decrease in 1Q23 revenue.
- 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 20.0% and up 3.8% in 2Q23 and 1H23, 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 2.2 ppts in 2Q23 and down 5.1 ppts in 1H23, y-o-y.
 - The 2Q23 direct salary rate was down by 2.6 ppts y-o-y in line with the revenue growth, while a 0.9 ppts y-o-y increase in 1H23 reflects the suspension of the COVID contracts, as described above.
- Operating expenses (excl. IFRS 16) were up 22.8% in 2Q23 and up 17.2% in 1H23 y-o-y, mainly reflecting the increase in salaries and other employee benefits (up 17.2% and 11.4% y-o-y) and general and administrative expenses (excl. IFRS 16) (up 33.0% and 17.4% y-o-y). The increase is mainly attributable to the expansion as well as the restructuring of the business back to normal operating levels.
- As a result, the EBITDA margin (excl. IFRS 16) was down 0.6 ppts to 15.2% in 2Q23 and down 3.0 ppts to 14.3% in 1H23.
- The net interest expense (excl. IFRS 16) was up 4.7% in 2Q23 and up 6.9% in 1H23 y-o-y, reflecting a) an increased balance of net debt due to weaker cash generation and investment made for the expansion of the business and b) increased interest rates on the market.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Strong top-line performance in 2Q23 translated into an 11.7% y-o-y increase in the operating cash flow in 2Q23. The decrease in operating cash flow in 1H23 reflects the state prepayment of some invoices under the universal healthcare coverage in December 2022.
- In 1H23, the business spent GEL 5.8 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 2Q23 amounted to GEL 3.5 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:

<i>Unaudited</i>	2Q23	2Q22	Change	1H23	1H22	Change
Number of admissions (thousands)	511.4	497.5	2.8%	1,021.6	1,136.1	-10.1%
<i>Of which, polyclinics</i>	410.1	394.3	4.0%	821.7	882.7	-6.9%
<i>Of which, community clinics</i>	101.3	103.2	-1.8%	199.9	253.4	-21.1%

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

<i>Unaudited</i>	Jun-23	Mar-23	Change (q-o-q)	Jun-22	Change (y-o-y)
Number of clinics	35	36	-	35	-
<i>Of which, polyclinics</i>	17	17	-	16	1
<i>Of which, community clinics</i>	18	19	-1	19	-1

- The number of registered patients increased by c.19,000 y-o-y to c.283,000 in Tbilisi and by c.22,000 y-o-y to c.623,000 across the country as of 30-Jun-23.

¹⁴ The respective costs divided by gross revenues.

Discussion of results, Diagnostics

(GEL '000) Unaudited

INCOME STATEMENT HIGHLIGHTS

	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, net¹⁵	4,776	3,937	21.3%	9,192	11,765	-21.9%
Of which, from regular lab tests	4,666	3,219	45.0%	8,869	6,891	28.7%
Of which, from COVID-19 tests	110	718	-84.7%	323	4,874	-93.4%
Gross Profit	1,247	783	59.3%	2,265	3,053	-25.8%
Gross profit margin	26.1%	19.9%	6.2ppts	24.6%	25.9%	-1.3ppts
Operating expenses (ex. IFRS 16)	(850)	(898)	-5.3%	(1,612)	(2,093)	-23.0%
EBITDA (ex. IFRS 16)	397	(115)	NMF	653	960	-32.0%
EBITDA margin (ex. IFRS 16)	8.3%	-2.9%	11.2ppts	7.1%	8.2%	-1.1ppts
Net (loss)/profit (ex. IFRS 16)	(598)	(422)	41.7%	(752)	328	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 45.0% y-o-y increase in revenues from regular lab tests in 2Q23, leading to a 21.3% y-o-y increase in the total revenue of the business.
- The diagnostics business apart from regular diagnostics services was also actively engaged in COVID testing. After the suspension of Government contracts in 1Q22, the revenues from COVID-19 testing decreased dramatically, down 93.4% y-o-y in 1H23, which led to a 21.9% y-o-y decrease in the net revenue of the diagnostics business.
- The strong 2Q23 performance translated into a 59.3% y-o-y increase in gross profit with 26.1% gross profit margin (up 6.2 ppts y-o-y) and GEL 0.4 mln EBITDA with 8.3% EBITDA margin (up 11.2 ppts y-o-y).

OTHER VALUATION DRIVERS AND OPERATING HIGHLIGHTS

- The key operating performance highlights for 2Q23 and 1H23 are noted below:

Unaudited	2Q23	2Q22	Change	1H23	1H22	Change
Number of non-Covid tests performed (thousands)	626	509	23.1%	1,234	1,111	11.0%
Average revenue per non-Covid test (GEL)	7.5	6.3	17.8%	7.2	6.2	15.9%

¹⁵ Net revenue – Gross revenue less corrections and rebates.

SELECTED FINANCIAL INFORMATION – Pharmacy and Distribution

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	1H23	1H22	Change
Revenue	202,264	192,100	5.3%	400,547	390,902	2.5%
Costs of services	(142,399)	(136,355)	4.4%	(281,388)	(276,060)	1.9%
Cost of pharma – wholesale	(30,295)	(31,466)	-3.7%	(60,793)	(64,492)	-5.7%
Cost of pharma - retail	(112,104)	(104,889)	6.9%	(220,595)	(211,568)	4.3%
Gross profit	59,865	55,745	7.4%	119,159	114,842	3.8%
Gross profit margin	29.6%	29.0%	+ 0.6 pts	29.7%	29.4%	+ 0.3 pts
Salaries and other employee benefits	(21,588)	(19,565)	10.3%	(42,744)	(39,680)	7.7%
General and administrative expenses	(12,348)	(10,933)	12.9%	(24,049)	(22,001)	9.3%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(19,195)</i>	<i>(18,032)</i>	<i>6.4%</i>	<i>(37,775)</i>	<i>(36,316)</i>	<i>4.0%</i>
Impairment of receivables	(3)	(32)	-90.6%	(10)	(142)	-93.0%
Other operating income	852	(267)	NMF	1,816	(238)	NMF
EBITDA	26,778	24,948	7.3%	54,172	52,781	2.6%
EBITDA excluding IFRS 16	19,931	17,849	11.7%	40,446	38,466	5.1%
EBITDA margin excluding IFRS 16	9.9%	9.3%	+ 0.6 pts	10.1%	9.8%	+ 0.3 pts
Depreciation and amortization	(8,230)	(7,510)	9.6%	(16,249)	(15,114)	7.5%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(1,958)</i>	<i>(1,661)</i>	<i>17.9%</i>	<i>(3,853)</i>	<i>(3,218)</i>	<i>19.7%</i>
Net interest income (expense)	(3,508)	(3,328)	5.4%	(6,712)	(6,621)	1.4%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(1,631)</i>	<i>(1,351)</i>	<i>20.7%</i>	<i>(2,918)</i>	<i>(2,756)</i>	<i>5.9%</i>
Net gains/(losses) from foreign currencies	(4,881)	9,243	NMF	3,371	9,829	-65.7%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(2,794)</i>	<i>5,145</i>	<i>NMF</i>	<i>651</i>	<i>5,775</i>	<i>-88.7%</i>
Net non-recurring income/(expense)	(311)	(31)	NMF	(351)	(847)	-58.6%
Net profit before income tax expense	9,848	23,322	-57.8%	34,231	40,028	-14.5%
Income tax benefit/(expense)	(486)	(474)	2.5%	(627)	(898)	-30.2%
Net profit for the period	9,362	22,848	-59.0%	33,604	39,130	-14.1%
Attributable to:						
- shareholders of the Company	6,769	15,138	-55.3%	25,528	25,205	1.3%
- non-controlling interests	2,593	7,710	-66.4%	8,076	13,925	-42.0%
Net profit for the period excluding IFRS 16	12,751	19,477	-34.5%	33,348	36,522	-8.7%
Attributable to:						
- shareholders of the Company	9,379	12,879	-27.2%	25,331	23,458	8.0%
- non-controlling interests	3,372	6,598	-48.9%	8,017	13,064	-38.6%

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	1H23	1H22	Change
Cash flows from operating activities						
Revenue received	191,100	189,921	0.6%	374,870	383,356	-2.2%
Cost of services paid	(144,233)	(130,268)	10.7%	(278,846)	(272,998)	2.1%
Gross profit received	46,867	59,653	-21.4%	96,024	110,358	-13.0%
Salaries paid	(24,093)	(22,324)	7.9%	(40,828)	(37,342)	9.3%
General and administrative expenses paid	(12,972)	(11,614)	11.7%	(24,104)	(23,374)	3.1%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(19,819)</i>	<i>(18,713)</i>	<i>5.9%</i>	<i>(37,830)</i>	<i>(37,689)</i>	<i>0.4%</i>
Other operating income/(expense) and tax paid	418	277	50.9%	837	680	23.1%
Net cash flows from operating activities before income tax	10,220	25,992	-60.7%	31,929	50,322	-36.6%
Income tax paid	(228)	(487)	-53.2%	(486)	(795)	-38.9%
Net cash flows from operating activities	9,992	25,505	-60.8%	31,443	49,527	-36.5%
Net cash flows from operating activities, excluding IFRS 16	3,145	18,406	-82.9%	17,717	35,212	-49.7%
Cash flows from investing activities						
Cash outflow on Capex	(5,120)	(5,000)	2.4%	(9,409)	(13,770)	-31.7%
Acquisition of subsidiaries/payments of holdback	(89,088)	(31,186)	NMF	(89,088)	(41,186)	NMF
Interest income received	1,686	2,318	-27.3%	3,631	3,470	4.6%
Intersegment loans issued proceeds from other investing activities	7,558	8,590	-12.0%	16,727	5,814	NMF
Net cash flow from investing activities	(84,964)	(25,278)	NMF	(78,139)	(45,672)	71.1%
Cash flows from financing activities						
Payment of dividends	(23,324)	(3,265)	NMF	(24,388)	(6,163)	NMF
Payment of finance lease liabilities	(4,970)	(5,120)	-2.9%	(9,932)	(10,448)	-4.9%
Interest expense paid on finance lease	(1,877)	(1,979)	-5.2%	(3,794)	(3,867)	-1.9%

Increase/(decrease) in borrowings	50,090	30,923	62.0%	46,185	26,586	73.7%
Interest expense paid	(3,519)	(2,794)	25.9%	(6,616)	(5,256)	25.9%
Net cash flows from financing activities	16,400	17,765	-7.7%	1,455	852	70.8%
Net cash flows from financing activities, excluding IFRS 16	23,247	24,864	-6.5%	15,181	15,167	0.1%
Effect of exchange rates changes on cash and cash equivalents	(93)	(769)	-87.9%	(524)	(1,093)	-52.1%
Net increase/(decrease) in cash and cash equivalents	(58,665)	17,223	NMF	(45,765)	3,614	NMF
Cash and bank deposits, beginning	88,179	41,007	NMF	75,279	54,616	37.8%
Cash and bank deposits, ending	29,514	58,230	-49.3%	29,514	58,230	-49.3%

SELECTED FINANCIAL INFORMATION – Pharmacy and Distribution, *continued*

BALANCE SHEET					
<i>GEL thousands, unless otherwise noted</i>	Jun-23	Mar-23	Change	Dec-22	Change
Cash and bank deposits	29,514	88,179	-66.5%	75,279	-60.8%
Securities and loans issued	20,509	22,365	-8.3%	22,857	-10.3%
Receivables from sale of pharmaceuticals	40,396	39,063	3.4%	35,631	13.4%
Property and equipment	47,510	45,463	4.5%	53,545	-11.3%
Right of use assets	112,561	110,558	1.8%	104,264	8.0%
Goodwill and other intangible assets	54,751	56,348	-2.8%	55,749	-1.8%
Inventory	237,113	207,967	14.0%	218,433	8.6%
Prepayments	9,131	8,676	5.2%	7,656	19.3%
Other assets	579	2,976	-80.5%	2,646	-78.1%
Total assets	552,064	581,595	-5.1%	576,060	-4.2%
Borrowed Funds	178,870	127,431	40.4%	131,547	36.0%
Lease liabilities	115,331	110,035	4.8%	107,455	7.3%
Accounts payable	170,126	148,368	14.7%	164,827	3.2%
Other liabilities	38,068	113,376	-66.4%	111,252	-65.8%
Total liabilities	502,395	499,210	0.6%	515,081	-2.5%
Total shareholders' equity	49,669	82,385	-39.7%	60,979	-18.5%

SELECTED FINANCIAL INFORMATION – Hospitals

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	1H23	1H22	Change
Revenue, gross	79,251	73,600	7.7%	153,558	152,036	1.0%
Corrections & rebates	(755)	(1,117)	-32.4%	(1,397)	(2,479)	-43.6%
Revenue, net	78,496	72,483	8.3%	152,161	149,557	1.7%
Costs of services	(50,144)	(45,907)	9.2%	(97,823)	(95,204)	2.8%
Cost of salaries and other employee benefits	(29,793)	(26,550)	12.2%	(57,767)	(53,554)	7.9%
Cost of materials and supplies	(13,913)	(13,543)	2.7%	(26,646)	(28,999)	-8.1%
Cost of medical service providers	(1,644)	(1,298)	26.7%	(3,079)	(2,869)	7.3%
Cost of utilities and other	(4,794)	(4,516)	6.2%	(10,331)	(9,782)	5.6%
Gross profit	28,352	26,576	6.7%	54,338	54,353	NMF
Gross profit margin	35.8%	36.1%	-0.3 ppts	35.4%	35.8%	-0.4 ppts
Salaries and other employee benefits	(9,619)	(9,447)	1.8%	(18,885)	(18,876)	NMF
General and administrative expenses	(3,860)	(3,919)	-1.5%	(7,441)	(6,705)	11.0%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(3,868)</i>	<i>(4,118)</i>	<i>-6.1%</i>	<i>(7,585)</i>	<i>(7,307)</i>	<i>3.8%</i>
Impairment of receivables	(1,418)	(1,120)	26.6%	(2,938)	(2,305)	27.5%
Other operating income	1,254	1,567	-20.0%	3,395	2,683	26.5%
EBITDA	14,709	13,657	7.7%	28,469	29,150	-2.3%
EBITDA excluding IFRS 16	14,701	13,458	9.2%	28,325	28,548	-0.8%
EBITDA margin excluding IFRS 16	18.5%	18.3%	0.2 ppts	18.4%	18.8%	-0.4 ppts
Depreciation and amortization	(7,864)	(7,632)	3.0%	(15,408)	(15,092)	2.1%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(7,183)</i>	<i>(6,935)</i>	<i>3.6%</i>	<i>(14,033)</i>	<i>(13,926)</i>	<i>0.8%</i>
Net interest income (expense)	(7,046)	(4,994)	41.1%	(13,341)	(9,650)	38.2%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(6,971)</i>	<i>(4,899)</i>	<i>42.3%</i>	<i>(13,189)</i>	<i>(9,516)</i>	<i>38.6%</i>
Net gains/(losses) from foreign currencies	(710)	1,224	NMF	(587)	1,161	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(586)</i>	<i>879</i>	<i>NMF</i>	<i>(724)</i>	<i>819</i>	<i>NMF</i>
Net non-recurring income/(expense)	(337)	(3,442)	-90.2%	(1,583)	(3,847)	-58.9%
Net (loss)/profit before income tax expense	(1,248)	(1,187)	5.1%	(2,450)	1,722	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF
Net (loss)/profit for the period	(1,248)	(1,187)	5.1%	(2,450)	1,722	NMF
Attributable to:						
- shareholders of the Company	(1,916)	(1,679)	14.1%	(3,778)	792	NMF
- non-controlling interests	668	492	35.8%	1,328	930	42.8%
Net (loss)/profit for the period excluding IFRS 16	(376)	(939)	-60.0%	(1,204)	2,078	NMF
Attributable to:						
- shareholders of the Company	(1,044)	(1,431)	-27.0%	(2,532)	1,148	NMF
- non-controlling interests	668	492	35.8%	1,328	930	42.8%

SELECTED FINANCIAL INFORMATION – Hospitals, *continued*

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	1H23	1H22	Change
Cash flows from operating activities						
Revenue received	61,628	74,086	-16.8%	115,834	151,501	-23.5%
Cost of services paid	(47,352)	(49,855)	-5.0%	(86,869)	(102,263)	-15.1%
Gross profit received	14,276	24,231	-41.1%	28,965	49,238	-41.2%
Salaries paid	(11,067)	(12,642)	-12.5%	(21,724)	(21,109)	2.9%
General and administrative expenses paid	(6,657)	(6,577)	1.2%	(12,686)	(11,665)	8.8%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(6,665)</i>	<i>(6,776)</i>	<i>-1.6%</i>	<i>(12,830)</i>	<i>(12,267)</i>	<i>4.6%</i>
Other operating income/(expense) and tax paid	(504)	(768)	-34.4%	(1,345)	(1,210)	11.2%
Net cash flows from operating activities before income tax	(3,952)	4,244	NMF	(6,790)	15,254	NMF
Income tax paid	(3)	(18)	-83.3%	(10)	(36)	-72.2%
Net cash flows from operating activities	(3,955)	4,226	NMF	(6,800)	15,218	NMF
Net cash flows from operating activities, excluding IFRS 16	(3,963)	4,027	NMF	(6,944)	14,616	NMF
Cash flows from investing activities						
Cash outflow on Capex	(8,662)	(5,293)	63.7%	(16,729)	(9,089)	84.1%
Interest income received	135	765	-82.4%	350	1,681	-79.2%
Proceeds from sale of associate/subsidiary	652	6,903	-90.6%	2,282	8,721	-73.8%
Dividends and intersegment loans issued/received	11	2,817	-99.6%	54	999	-94.6%
Net cash flow from investing activities	(7,864)	5,192	NMF	(14,043)	2,312	NMF
Cash flows from financing activities						
Payment of dividends	-	-	NMF	(1,910)	(1,606)	18.9%
Purchase of treasury shares	-	(47)	NMF	-	(821)	NMF
Payment of finance lease liabilities	(3)	(104)	-97.1%	(62)	(468)	-86.8%
Interest expense paid on finance lease	(5)	(95)	-94.7%	(82)	(134)	-38.8%
Increase/(decrease) in borrowings	2,011	(22,066)	NMF	19,616	(33,198)	NMF
Interest expense paid	(5,886)	(3,457)	70.3%	(12,954)	(10,274)	26.1%
Net cash flows from financing activities	(3,883)	(25,769)	-84.9%	4,608	(46,501)	NMF
Net cash flows from financing activities, excluding IFRS 16	(3,875)	(25,570)	-84.8%	4,752	(45,899)	NMF
Effect of exchange rates changes on cash and cash equivalents	(153)	(1,316)	-88.5%	(399)	(1,202)	-66.7%
Net increase/(decrease) in cash and cash equivalents	(15,855)	(17,667)	-10.3%	(16,634)	(30,173)	-44.9%
Cash and bank deposits, beginning	20,846	33,625	-38.0%	21,625	46,131	-53.1%
Cash and bank deposits, ending	4,991	15,958	-68.7%	4,991	15,958	-68.7%

BALANCE SHEET					
<i>GEL thousands, unless otherwise noted</i>	Jun-23	Mar-23	Change	Dec-22	Change
Cash and bank deposits	4,991	20,846	-76.1%	21,625	-76.9%
Receivables from healthcare services	118,645	105,720	12.2%	88,969	33.4%
Property and equipment	388,346	387,703	0.2%	389,957	-0.4%
Right of use assets	2,413	3,175	-24.0%	3,869	-37.6%
Goodwill and other intangible assets	56,754	56,004	1.3%	54,892	3.4%
Inventory	19,154	18,905	1.3%	19,102	0.3%
Prepayments	10,786	8,420	28.1%	7,069	52.6%
Other assets	29,144	27,402	6.4%	29,222	-0.3%
<i>Of which, securities and intercompany loans</i>	<i>8,575</i>	<i>8,374</i>	<i>2.4%</i>	<i>14,040</i>	<i>-38.9%</i>
Total assets	630,233	628,175	0.3%	614,705	2.5%
Borrowed Funds	227,093	223,317	1.7%	213,880	6.2%
Accounts payable	22,212	19,296	15.1%	15,900	39.7%
Other liabilities	38,708	43,410	-10.8%	40,638	-4.7%
Total liabilities	288,013	286,023	0.7%	270,418	6.5%
Total shareholders' equity attributable to:	342,220	342,152	0.0%	344,287	-0.6%
Shareholders of the Company	309,471	310,067	-0.2%	312,855	-1.1%
Non-controlling interest	32,749	32,085	2.1%	31,432	4.2%

SELECTED FINANCIAL INFORMATION – Medical Insurance

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	1H23	1H22	Change
Insurance revenue, gross	23,881	18,951	26.0%	45,934	36,862	24.6%
Insurance claims expenses, gross	(19,130)	(15,857)	20.6%	(36,745)	(30,177)	21.8%
Aquisition costs, net	(983)	(905)	8.6%	(1,865)	(1,700)	9.7%
Insurance service result before reinsurance contracts held	3,768	2,189	72.1%	7,324	4,985	46.9%
Allocation of reinsurance premiums	(251)	(237)	5.9%	(494)	(466)	6.0%
Amounts recoverable from reinsurers for incurred claims	(2)	83	NMF	65	84	-22.6%
Net expense from reinsurance contracts held	(253)	(154)	64.3%	(429)	(382)	12.3%
Insurance revenue, net	23,630	18,714	26.3%	45,440	36,396	24.8%
Insurance service expense, net	(20,115)	(16,679)	20.6%	(38,545)	(31,793)	21.2%
Insurance service result	3,515	2,035	72.7%	6,895	4,603	49.8%
Investment income	1,188	958	24.0%	2,215	1,826	21.3%
Net Fee and commission income	34	27	25.9%	69	51	35.3%
Net investment profit	1,222	985	24.1%	2,284	1,877	21.7%
Salaries and other employee benefits	(1,451)	(1,492)	-2.7%	(2,904)	(2,978)	-2.5%
Selling, general administrative expenses	(458)	(515)	-11.1%	(795)	(967)	-17.8%
Depreciation&Amortization	(573)	(541)	5.9%	(1,176)	(929)	26.6%
Impairment charges	(93)	16	NMF	(192)	(125)	53.6%
Net other operating income	(32)	(22)	45.5%	-	(40)	NMF
Operating profit	2,130	466	NMF	4,112	1,441	NMF
Foreign exchange gain / (loss)	(123)	311	NMF	178	440	-59.5%
Interest expense	(217)	(305)	-28.9%	(437)	(583)	-25.0%
Non-recurring income / (costs)	-	-	NMF	-	(67)	NMF
Pre-tax Profit	1,790	472	NMF	3,853	1,231	NMF
Corporate income tax expense	(362)	34	NMF	(641)	(96)	NMF
Net profit	1,428	506	NMF	3,212	1,135	NMF

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	1H23	1H22	Change
Insurance premium received	21,892	18,439	18.7%	40,588	33,498	21.2%
Reinsurance premium paid	-	(33)	NMF	-	(383)	NMF
Insurance benefits and claims paid	(17,774)	(15,148)	17.3%	(33,676)	(29,604)	13.8%
Reinsurance claims received	15	19	-21.1%	26	24	8.3%
Acquisition costs paid	(591)	(697)	-15.2%	(1,048)	(1,151)	-8.9%
Salaries and benefits paid	(2,057)	(1,980)	3.9%	(3,455)	(3,114)	11.0%
Interest received	1,139	650	75.2%	2,199	1,267	73.6%
Net other operating expenses paid	(635)	(719)	-11.7%	(1,157)	(1,372)	-15.7%
Income tax paid	(143)	(105)	36.2%	(143)	(105)	36.2%
Net cash flows from operating activities	1,846	426	NMF	3,334	(940)	NMF
Cash outflows on capex	(1,000)	(266)	NMF	(1,552)	(364)	NMF
Other investing activities	(250)	1,729	NMF	62	1,729	-96.4%
Net cash flows from used in investing activities	(1,250)	1,463	NMF	(1,490)	1,365	NMF
Increase/(decrease) in borrowings	-	(240)	NMF	-	(160)	NMF
Interest Paid	-	(110)	NMF	(42)	(195)	-78.5%
Cash paid for lease liabilities	(141)	(250)	-43.6%	(376)	(416)	-9.6%
Net cash flows from financing activities	(141)	(600)	-76.5%	(418)	(771)	-45.8%
Effect of exchange rates changes on cash and cash equivalents	(143)	(261)	-46.0%	(630)	(151)	NMF
Total cash inflow/(outflow)	312	1,028	-69.5%	796	(497)	NMF
Cash and cash equivalents, beginning	26,720	22,375	19.4%	26,236	23,900	9.8%
Cash and cash equivalents, ending	27,032	23,403	15.5%	27,032	23,403	15.5%

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

	Jun-23	Mar-23	Change	Dec-22	Change
Total assets, of which:	69,581	68,000	2.3%	65,578	6.1%
Cash and bank deposits	27,032	26,720	1.2%	26,236	3.0%
Insurance premiums receivable	3,960	3,642	8.7%	1,977	NMF
Property and equipment	14,470	13,639	6.1%	13,753	5.2%
Right of use assets	5,557	5,855	-5.1%	6,191	-10.2%
Goodwill and other intangible assets	5,514	5,538	-0.4%	5,530	-0.3%
Inventory	256	275	-6.9%	271	-5.5%
Prepayments	269	432	-37.7%	432	-37.7%
Other assets of which:	12,523	11,899	5.2%	11,188	11.9%
securities and intercompany loans	8,009	7,677	4.3%	7,587	5.6%
Total liabilities, of which:	29,828	29,694	0.5%	30,182	-1.2%
Borrowed Funds	4,533	4,395	3.1%	5,352	-15.3%
Accounts payable	287	322	-10.9%	310	-7.4%
Insurance contract liabilities	17,685	17,482	1.2%	17,122	3.3%
Other liabilities	7,323	7,495	-2.3%	7,398	-1.0%
Total shareholders' equity	39,753	38,306	3.8%	35,396	12.3%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	2Q23	2Q22	Change	2Q23	2Q22	2Q23	2Q22	Change
Revenue, gross	18,301	15,281	19.8%	4,776	3,937	21.3%	(1,700)	(1,330)	21,377	17,888	19.5%
Corrections & rebates	(384)	(93)	NMF	-	-	NMF	-	-	(384)	(93)	NMF
Revenue, net	17,917	15,188	18.0%	4,776	3,937	21.3%	(1,700)	(1,330)	20,993	17,795	18.0%
Costs of services	(9,799)	(8,425)	16.3%	(3,529)	(3,154)	11.9%	1,700	1,330	(11,628)	(10,249)	13.5%
Cost of salaries and other employee benefits	(6,313)	(5,665)	11.4%	(1,195)	(1,056)	13.2%	-	-	(7,508)	(6,721)	11.7%
Cost of materials and supplies	(885)	(1,069)	-17.2%	(1,956)	(1,653)	18.3%	-	-	(2,841)	(2,722)	4.4%
Cost of medical service providers	(1,728)	(1,410)	22.6%	(56)	(165)	-66.1%	1,700	1,330	(84)	(245)	-65.7%
Cost of utilities and other	(873)	(281)	NMF	(322)	(280)	15.0%	-	-	(1,195)	(561)	NMF
Gross profit	8,118	6,763	20.0%	1,247	783	59.3%	-	-	9,365	7,546	24.1%
Gross profit margin	44.4%	44.3%	-0.1ppt	26.1%	19.9%	+6.2ppt	N/A	N/A	43.8%	42.2%	+1.6ppt
Salaries and other employee benefits	(3,227)	(2,754)	17.2%	(456)	(475)	-4.0%	-	-	(3,683)	(3,229)	14.1%
General and administrative expenses	(1,468)	(1,248)	17.6%	(365)	(403)	-9.4%	-	-	(1,833)	(1,651)	11.0%
<i>General and administrative expenses excluding IFRS 16</i>	(1,937)	(1,456)	33.0%	(365)	(403)	-9.4%	-	-	(2,302)	(1,859)	23.8%
Impairment of receivables	(85)	(86)	-1.2%	-	-	NMF	-	-	(85)	(86)	-1.2%
Other operating income	(92)	(53)	73.6%	(29)	(20)	45.0%	-	-	(121)	(73)	65.8%
EBITDA	3,246	2,622	23.8%	397	(115)	NMF	-	-	3,643	2,507	45.3%
EBITDA excluding IFRS 16	2,777	2,414	15.0%	397	(115)	NMF	-	-	3,174	2,299	38.1%
EBITDA margin excluding IFRS 16	15.2%	15.8%	-0.6ppt	8.3%	-2.9%	+11.2ppt	N/A	N/A	14.8%	12.9%	+1.9ppt
Depreciation and amortization	(2,188)	(1,776)	23.2%	(241)	(192)	25.5%	-	-	(2,429)	(1,968)	23.4%
<i>Depreciation and amortization excluding IFRS 16</i>	(1,891)	(1,584)	19.4%	(241)	(192)	25.5%	-	-	(2,132)	(1,776)	20.0%
Net interest income (expense)	(1,726)	(1,652)	4.5%	(171)	(111)	54.1%	-	-	(1,897)	(1,763)	7.6%
<i>Net interest income (expense) excluding IFRS 16</i>	(1,518)	(1,450)	4.7%	(171)	(111)	54.1%	-	-	(1,689)	(1,561)	8.2%
Net gains/(losses) from foreign currencies	(777)	577	NMF	(3)	(2)	50.0%	-	-	(780)	575	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	(384)	(157)	NMF	(3)	(2)	50.0%	-	-	(387)	(159)	NMF
Net non-recurring income/(expense)	(71)	(31)	NMF	(580)	(2)	NMF	452	-	(199)	(33)	NMF
Net (loss)/profit before income tax expense	(1,516)	(260)	NMF	(598)	(422)	41.7%	452	-	(1,662)	(682)	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net (loss)/profit for the period	(1,516)	(260)	NMF	(598)	(422)	41.7%	452	-	(1,662)	(682)	NMF
Attributable to:											
- shareholders of the Company	(1,554)	(289)	NMF	(598)	(422)	41.7%	452	-	(1,700)	(711)	NMF
- non-controlling interests	38	29	31.0%	-	-	NMF	-	-	38	29	31.0%
Net (loss)/profit for the period excluding IFRS 16	(1,087)	(808)	34.5%	(598)	(422)	41.7%	452	-	(1,233)	(1,230)	0.2%
Attributable to:											
- shareholders of the Company	(1,125)	(837)	34.4%	(598)	(422)	41.7%	452	-	(1,271)	(1,259)	1.0%
- non-controlling interests	38	29	31.0%	-	-	NMF	-	-	38	29	31.0%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, *continued*

INCOME STATEMENT	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	1H23	1H22	Change	1H23	1H22	Change	1H23	1H22	1H23	1H22	Change
Revenue, gross	35,621	34,952	1.9%	9,192	11,765	-21.9%	(3,288)	(2,837)	41,525	43,880	-5.4%
Corrections & rebates	(635)	(157)	NMF	-	-	NMF	-	-	(635)	(157)	NMF
Revenue, net	34,986	34,795	0.5%	9,192	11,765	-21.9%	(3,288)	(2,837)	40,890	43,723	-6.5%
Costs of services	(19,485)	(19,855)	-1.9%	(6,927)	(8,712)	-20.5%	3,288	2,843	(23,124)	(25,724)	-10.1%
Cost of salaries and other employee benefits	(12,385)	(11,834)	4.7%	(2,326)	(2,300)	1.1%	-	-	(14,711)	(14,134)	4.1%
Cost of materials and supplies	(1,721)	(3,466)	-50.3%	(3,717)	(5,466)	-32.0%	-	-	(5,438)	(8,932)	-39.1%
Cost of medical service providers	(3,336)	(3,267)	2.1%	(239)	(341)	-29.9%	3,288	2,843	(287)	(765)	-62.5%
Cost of utilities and other	(2,043)	(1,288)	58.6%	(645)	(605)	6.6%	-	-	(2,688)	(1,893)	42.0%
Gross profit	15,501	14,940	3.8%	2,265	3,053	-25.8%	-	6	17,766	17,999	-1.3%
Gross profit margin	43.5%	42.7%	+0.8ppt	24.6%	25.9%	-1.3ppt	N/A	N/A	42.8%	41.0%	+1.8ppt
Salaries and other employee benefits	(6,402)	(5,748)	11.4%	(888)	(951)	-6.6%	-	-	(7,290)	(6,699)	8.8%
General and administrative expenses	(2,986)	(2,531)	18.0%	(677)	(1,084)	-37.5%	-	-	(3,663)	(3,615)	1.3%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(3,683)</i>	<i>(3,138)</i>	<i>17.4%</i>	<i>(677)</i>	<i>(1,084)</i>	<i>-37.5%</i>	-	-	<i>(4,360)</i>	<i>(4,222)</i>	<i>3.3%</i>
Impairment of receivables	(158)	(173)	-8.7%	-	-	NMF	-	-	(158)	(173)	-8.7%
Other operating income	(162)	178	NMF	(47)	(58)	-19.0%	-	(6)	(209)	114	NMF
EBITDA	5,793	6,666	-13.1%	653	960	-32.0%	-	-	6,446	7,626	-15.5%
EBITDA excluding IFRS 16	5,096	6,059	-15.9%	653	960	-32.0%	-	-	5,749	7,019	-18.1%
EBITDA margin excluding IFRS 16	14.3%	17.3%	-3.0ppt	7.1%	8.2%	-1.1ppt	N/A	N/A	13.8%	16.0%	-2.2ppt
Depreciation and amortization	(4,217)	(3,387)	24.5%	(445)	(377)	18.0%	-	-	(4,662)	(3,764)	23.9%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(3,684)</i>	<i>(3,098)</i>	<i>18.9%</i>	<i>(445)</i>	<i>(377)</i>	<i>18.0%</i>	-	-	<i>(4,129)</i>	<i>(3,475)</i>	<i>18.8%</i>
Net interest income (expense)	(3,244)	(3,011)	7.7%	(312)	(203)	53.7%	-	-	(3,556)	(3,214)	10.6%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(2,849)</i>	<i>(2,664)</i>	<i>6.9%</i>	<i>(312)</i>	<i>(203)</i>	<i>53.7%</i>	-	-	<i>(3,161)</i>	<i>(2,867)</i>	<i>10.3%</i>
Net gains/(losses) from foreign currencies	471	642	-26.6%	10	4	NMF	-	-	481	646	-25.5%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>264</i>	<i>(156)</i>	<i>NMF</i>	<i>10</i>	<i>4</i>	<i>NMF</i>	-	-	<i>274</i>	<i>(152)</i>	<i>NMF</i>
Net non-recurring income/(expense)	(231)	(117)	97.4%	(658)	(56)	NMF	452	-	(437)	(173)	NMF
Net (loss)/profit before income tax expense	(1,428)	793	NMF	(752)	328	NMF	452	-	(1,728)	1,121	NMF
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	-	-	NMF
Net (loss)/profit for the period	(1,428)	793	NMF	(752)	328	NMF	452	-	(1,728)	1,121	NMF
Attributable to:											
- shareholders of the Company	(1,503)	649	NMF	(752)	328	NMF	452	-	(1,803)	977	NMF
- non-controlling interests	75	144	-47.9%	-	-	NMF	-	-	75	144	-47.9%
Net (loss)/profit for the period excluding IFRS 16	(1,404)	24	NMF	(752)	328	NMF	452	-	(1,704)	352	NMF
Attributable to:											
- shareholders of the Company	(1,479)	(120)	NMF	(752)	328	NMF	452	-	(1,779)	208	NMF
- non-controlling interests	75	144	-47.9%	-	-	NMF	-	-	75	144	-47.9%

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, continued

STATEMENT OF CASH FLOW	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	2Q23	2Q22	Change	2Q23	2Q22	Change	2Q23	2Q22	2Q23	2Q22	Change
Cash flows from operating activities											
Revenue received	17,391	16,528	5.2%	4,290	4,937	-13.1%	(1,387)	(1,571)	20,294	19,894	2.0%
Cost of services paid	(9,937)	(9,259)	7.3%	(2,049)	(3,140)	-34.7%	1,387	1,571	(10,599)	(10,828)	-2.1%
Gross profit received	7,454	7,269	2.5%	2,241	1,797	24.7%	-	-	9,695	9,066	6.9%
Salaries paid	(2,554)	(2,861)	-10.7%	(2,148)	(1,748)	22.9%	-	-	(4,702)	(4,609)	2.0%
General and administrative expenses paid	(2,060)	(1,770)	16.4%	(311)	(434)	-28.3%	-	-	(2,371)	(2,204)	7.6%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(2,241)</i>	<i>(1,978)</i>	<i>13.3%</i>	<i>(311)</i>	<i>(434)</i>	<i>-28.3%</i>	-	-	<i>(2,552)</i>	<i>(2,412)</i>	<i>5.8%</i>
Other operating income/(expense) and tax paid	(261)	(274)	-4.7%	(54)	(49)	10.2%	-	-	(315)	(323)	-2.5%
Net cash flows from operating activities before income tax	2,579	2,364	9.1%	(272)	(434)	-37.3%	-	-	2,307	1,930	19.5%
Income tax paid	-	(10)	NMF	-	-	NMF	-	-	-	(10)	NMF
Net cash flows from operating activities	2,579	2,354	9.6%	(272)	(434)	-37.3%	-	-	2,307	1,920	20.2%
Net cash flows from operating activities, excluding IFRS 16	2,398	2,146	11.7%	(272)	(434)	-37.3%	-	-	2,126	1,712	24.2%
Cash flows from investing activities											
Cash outflow on Capex	(3,457)	(3,748)	-7.8%	(151)	(289)	-47.8%	-	-	(3,608)	(4,037)	-10.6%
Interest income received	19	122	-84.4%	2	17	-88.2%	-	-	21	139	-84.9%
Dividends and intersegment loans issued/received	(133)	(102)	30.4%	-	-	NMF	-	-	(133)	(102)	30.4%
Net cash flow from investing activities	(3,571)	(3,728)	-4.2%	(149)	(272)	-45.2%	-	-	(3,720)	(4,000)	-7.0%
Cash flows from financing activities											
Payment of finance lease liabilities	(43)	(56)	-23.2%	-	-	NMF	-	-	(43)	(56)	-23.2%
Interest expense paid on finance lease	(138)	(152)	-9.2%	-	-	NMF	-	-	(138)	(152)	-9.2%
Increase/(decrease) in borrowings	2,133	2,857	-25.3%	605	(222)	NMF	-	-	2,738	2,635	3.9%
Interest expense paid	(1,496)	(2,079)	-28.0%	(110)	(116)	-5.2%	-	-	(1,606)	(2,195)	-26.8%
Net cash flows from financing activities	456	570	-20.0%	495	(338)	NMF	-	-	951	232	NMF
Net cash flows from financing activities, excluding IFRS 16	637	778	-18.1%	495	(338)	NMF	-	-	1,132	440	NMF
Effect of exchange rates changes on cash and cash equivalents	6	(31)	NMF	(2)	1	NMF	-	-	4	(30)	NMF
Net increase/(decrease) in cash and cash equivalents	(530)	(835)	-36.3%	72	(1,043)	NMF	-	-	(458)	(1,878)	-75.6%
Cash and bank deposits, beginning	7,170	1,447	NMF	54	2,149	-97.5%	-	-	7,224	3,596	NMF
Cash and bank deposits, ending	6,640	612	NMF	126	1,106	-88.5%	-	-	6,766	1,718	NMF

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, continued

STATEMENT OF CASH FLOW	Clinics			Diagnostic			Eliminations		Clinics & Diagnostics		
<i>GEL thousands, unless otherwise noted</i>	1H23	1H22	Change	1H23	1H22	Change	1H23	1H22	1H23	1H22	Change
Cash flows from operating activities											
Revenue received	31,675	31,739	-0.2%	7,712	11,939	-35.4%	(2,849)	(2,646)	36,538	41,032	-11.0%
Cost of services paid	(19,025)	(19,246)	-1.1%	(5,026)	(7,153)	-29.7%	2,849	2,646	(21,202)	(23,753)	-10.7%
Gross profit received	12,650	12,493	1.3%	2,686	4,786	-43.9%	-	-	15,336	17,279	-11.2%
Salaries paid	(5,023)	(5,038)	-0.3%	(3,744)	(4,531)	-17.4%	-	-	(8,767)	(9,569)	-8.4%
General and administrative expenses paid	(3,885)	(2,828)	37.4%	(559)	(952)	-41.3%	-	-	(4,444)	(3,780)	17.6%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(4,294)</i>	<i>(3,435)</i>	<i>25.0%</i>	<i>(559)</i>	<i>(952)</i>	<i>-41.3%</i>	-	-	<i>(4,853)</i>	<i>(4,387)</i>	<i>10.6%</i>
Other operating income/(expense) and tax paid	(562)	(441)	27.4%	(66)	(84)	-21.4%	-	-	(628)	(525)	19.6%
Net cash flows from operating activities before income tax	3,180	4,186	-24.0%	(1,683)	(781)	NMF	-	-	1,497	3,405	-56.0%
Income tax paid	-	(10)	NMF	-	-	NMF	-	-	-	(10)	NMF
Net cash flows from operating activities	3,180	4,176	-23.9%	(1,683)	(781)	NMF	-	-	1,497	3,395	-55.9%
Net cash flows from operating activities, excluding IFRS 16	2,771	3,569	-22.4%	(1,683)	(781)	NMF	-	-	1,088	2,788	-61.0%
Cash flows from investing activities											
Cash outflow on Capex	(5,783)	(5,778)	0.1%	(748)	(648)	15.4%	-	-	(6,531)	(6,426)	1.6%
Interest income received	71	250	-71.6%	9	37	-75.7%	-	-	80	287	-72.1%
Dividends and intersegment loans issued/received	(247)	(303)	-18.5%	-	-	NMF	-	-	(247)	(303)	-18.5%
Net cash flow from investing activities	(5,959)	(5,831)	2.2%	(739)	(611)	20.9%	-	-	(6,698)	(6,442)	4.0%
Cash flows from financing activities											
Payment of finance lease liabilities	(134)	(310)	-56.8%	-	-	NMF	-	-	(134)	(310)	-56.8%
Interest expense paid on finance lease	(275)	(297)	-7.4%	-	-	NMF	-	-	(275)	(297)	-7.4%
Increase/(decrease) in borrowings	7,148	3,401	NMF	1,664	(440)	NMF	-	-	8,812	2,961	NMF
Interest expense paid	(3,150)	(3,658)	-13.9%	(256)	(206)	24.3%	-	-	(3,406)	(3,864)	-11.9%
Net cash flows from financing activities	3,589	(864)	NMF	1,408	(646)	NMF	-	-	4,997	(1,510)	NMF
Net cash flows from financing activities, excluding IFRS 16	3,998	(257)	NMF	1,408	(646)	NMF	-	-	5,406	(903)	NMF
Effect of exchange rates changes on cash and cash equivalents	5	(17)	NMF	(1)	1	NMF	-	-	4	(16)	NMF
Net increase/(decrease) in cash and cash equivalents	815	(2,536)	NMF	(1,015)	(2,037)	-50.2%	-	-	(200)	(4,573)	-95.6%
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	6,640	612	NMF	126	1,106	-88.5%	-	-	6,766	1,718	NMF

SELECTED FINANCIAL INFORMATION – Clinics & Diagnostics, continued

BALANCE SHEET	Clinics					Diagnostic					Eliminations			Clinics & Diagnostics					
	Jun-23	Mar-23	Change	Dec-22	Change	Jun-23	Mar-23	Change	Dec-22	Change	Jun-23	Mar-23	Dec-22	Jun-23	Mar-23	Change	Dec-22	Change	
<i>GEL thousands, unless otherwise noted</i>																			
Cash and bank deposits	6,640	7,170	-7.4%	5,825	14.0%	126	54	NMF	1,141	-89.0%	-	-	-	6,766	7,224	-6.3%	6,966	-2.9%	
Receivables from healthcare services	14,452	13,950	3.6%	11,495	25.7%	5,413	5,789	-6.5%	5,079	6.6%	(1,967)	(1,679)	(1,502)	17,898	18,060	-0.9%	15,072	18.8%	
Property and equipment	105,375	102,964	2.3%	102,904	2.4%	15,759	15,876	-0.7%	16,049	-1.8%	-	-	-	121,134	118,840	1.9%	118,953	1.8%	
Right of use assets	14,600	12,023	21.4%	12,593	15.9%	-	-	NMF	-	NMF	-	-	-	14,600	12,023	21.4%	12,593	15.9%	
Goodwill and other intangible assets	15,726	14,544	8.1%	14,291	10.0%	4,030	3,424	17.7%	2,847	41.6%	-	-	-	19,756	17,968	10.0%	17,138	15.3%	
Inventory	1,974	1,990	-0.8%	2,022	-2.4%	1,738	2,132	-18.5%	1,456	19.4%	-	-	-	3,712	4,122	-9.9%	3,478	6.7%	
Prepayments	979	2,422	-59.6%	2,075	-52.8%	4,572	4,543	0.6%	4,543	0.6%	-	-	-	5,551	6,965	-20.3%	6,618	-16.1%	
Other assets	10,531	9,972	5.6%	9,486	11.0%	756	664	13.9%	760	-0.5%	(301)	(301)	(297)	10,986	10,335	6.3%	9,949	10.4%	
<i>Of which, securities and intercompany loans</i>	<i>3,417</i>	<i>3,357</i>	<i>1.8%</i>	<i>3,379</i>	<i>1.1%</i>	<i>-</i>	<i>-</i>	<i>NMF</i>	<i>-</i>	<i>NMF</i>	<i>(276)</i>	<i>(276)</i>	<i>(272)</i>	<i>3,141</i>	<i>3,081</i>	<i>1.9%</i>	<i>3,107</i>	<i>-1.1%</i>	
Total assets	170,277	165,035	3.2%	160,691	6.0%	32,394	32,482	-0.3%	31,875	1.6%	(2,268)	(1,980)	(1,799)	200,403	195,537	2.5%	190,767	5.1%	
Borrowed Funds	63,735	60,914	4.6%	56,908	12.0%	5,801	5,183	11.9%	4,196	38.3%	(283)	(277)	(272)	69,253	65,820	5.2%	60,832	13.8%	
Accounts payable	12,482	11,733	6.4%	11,782	5.9%	7,261	7,122	2.0%	7,424	-2.2%	(1,985)	(1,703)	(1,527)	17,758	17,152	3.5%	17,679	0.4%	
Other liabilities	17,503	14,855	17.8%	14,841	17.9%	921	1,107	-16.8%	1,033	-10.8%	401	401	401	18,825	16,363	15.0%	16,275	15.7%	
Total liabilities	93,720	87,502	7.1%	83,531	12.2%	13,983	13,412	4.3%	12,653	10.5%	(1,867)	(1,579)	(1,398)	105,836	99,335	6.5%	94,786	11.7%	
Total shareholders' equity attributable to:	76,557	77,533	-1.3%	77,160	-0.8%	18,411	19,070	-3.5%	19,222	-4.2%	(401)	(401)	(401)	94,567	96,202	-1.7%	95,981	-1.5%	
Shareholders of the Company	75,591	76,610	-1.3%	76,281	-0.9%	18,411	19,070	-3.5%	19,222	-4.2%	(401)	(401)	(401)	93,601	95,279	-1.8%	95,102	-1.6%	
Non-controlling interest	966	923	4.7%	879	9.9%	-	-	NMF	-	NMF	-	-	-	966	923	4.7%	879	9.9%	

Selected ratios and KPIs

Selected ratios and KPIs	2Q23	2Q22	Change	1H23	1H22	Change
GHG, consolidated						
ROIC (%)	12.1%	10.1%	2.0 ppts	12.4%	12.3%	0.1 ppts
Group rent expenditure	9,078	8,935	1.6%	18,369	17,943	2.4%
<i>of which, Pharma</i>	8,195	8,256	-0.7%	16,632	16,381	1.5%
Group capex (maintenance)	6,216	4,051	53.4%	11,472	9,113	25.9%
Group capex (growth)	12,173	10,543	15.5%	22,749	20,533	10.8%
Number of employees	15,597	15,524		15,597	15,524	
Number of physicians	3,473	3,195		3,473	3,195	
Number of nurses	3,156	3,070		3,156	3,070	
Nurse to doctor ratio, referral hospitals	0.91	0.96		0.91	0.96	
Number of pharmacists	2,846	3,015		2,846	3,015	
Hospitals						
EBITDA margin of Hospitals excl. IFRS 16	18.5%	18.3%	0.2 ppts	18.4%	18.8%	-0.4 ppts
Direct salary rate (direct salary as % of revenue)	37.6%	36.1%	1.5 ppts	37.6%	35.2%	2.4 ppts
Materials rate (direct materials as % of revenue)	17.6%	18.4%	-0.8 ppts	17.4%	19.1%	-1.7 ppts
Administrative salary rate (administrative salaries as % of revenue)	12.1%	12.8%	-0.7 ppts	12.3%	12.4%	-0.1 ppts
SG&A rate (SG&A expenses as % of revenue)	4.9%	5.6%	-0.7 ppts	4.9%	4.8%	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	57.3%	57.9%	-0.6 ppts	55.6%	59.9%	-4.3 ppts
Bed occupancy rate, excluding Tbilisi Referral Hospital and Regional Hospital beds	57.8%	60.3%	-2.5 ppts	54.8%	62.5%	-7.7 ppts
Bed occupancy rate, Regional Hospital beds	62.7%	56.6%	6.1 ppts	68.1%	54.1%	14.0 ppts
Bed occupancy rate, Tbilisi Referral Hospital beds	49.5%	43.7%	5.8 ppts	48.9%	49.5%	-0.6 ppts
Average length of stay (days)	5.0	5.1	-1.9%	5.1	5.4	-5.3%
Average revenue per hospital bed	125.6	116.6	7.7%	121.7	118.8	2.4%
Clinics						
EBITDA margin of clinics excluding IFRS 16	15.2%	15.8%	-0.6 ppts	14.3%	17.3%	-3.0 ppts
EBITDA margin of polyclinics excluding IFRS 16	18.0%	18.2%	-0.2 ppts	16.8%	19.3%	-2.5 ppts
Direct salary rate (direct salary as % of revenue)	34.5%	37.1%	-2.6 ppts	34.8%	33.9%	0.9 ppts
Materials rate (direct materials as % of revenue)	4.8%	7.0%	-2.2 ppts	4.8%	9.9%	-5.1 ppts
Number of community clinics	18	19		18	19	
Number of community clinics beds	353	353		353	353	
Number of polyclinics	17	16		17	16	
Pharmacy and distribution						
EBITDA margin excluding IFRS 16	9.9%	9.3%	0.6 ppts	10.1%	9.8%	0.3 ppts
Number of bills issued in mln	7.9	7.4	0	15.5	15.0	3.3%
Average bill size	19.3	18.7	3.2%	19.3	18.9	2.1%
Revenue from wholesale as a percentage of total revenue from pharma	20.9%	22.1%	-1.2 ppts	21.1%	22.1%	-1.0 ppts
Revenue from retail as a percentage of total revenue from pharma	79.1%	77.9%	1.2 ppts	78.9%	77.9%	1.0 ppts
Revenue from para-pharmacy as a percentage of retail revenue from pharma	39.4%	35.2%	4.2 ppts	39.5%	34.9%	4.6 ppts
Total number of pharmacies, <i>of which:</i>	383	366	17	383	366	17
<i>Georgia</i>	371	358	13	371	358	13
<i>Armenia</i>	12	8	4	12	8	4
Medical insurance						
Loss ratio	81.0%	87.5%	-6.5 ppts	80.7%	84.8%	-4.1 ppts
Expense ratio, <i>of which:</i>	15.0%	19.0%	-4.0 ppts	15.1%	18.8%	-3.7 ppts
<i>Commission ratio</i>	4.2%	5.0%	-0.8 ppts	4.1%	4.8%	-0.7 ppts
			-10.5			
Combined ratio	96.0%	106.5%	ppts	95.8%	103.6%	-7.8 ppts
Renewal rate	83.3%	73.2%	10.1 ppts	83.0%	70.5%	12.5 ppts
Diagnostics						
EBITDA margin excluding IFRS 16	8.3%	-2.9%	NMF	7.1%	8.2%	-1.1 ppts
Number of patients served ('000)	206	211	-2.4%	413	555	-25.6%
Number of tests performed ('000)	630	539	17.0%	1,249	1,298	-3.8%
Average revenue per test GEL	7.6	7.3	4.1%	7.4	9.1	-18.7%
Average number of tests per patient	3.1	2.6	19.2%	3.0	2.3	30.4%