



**GEORGIA  
HEALTHCARE  
GROUP**

## **4<sup>th</sup> quarter and full year 2021 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 | 4Q21 & FY21 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 the in Georgia Capital PLC's 1H21 Result Announcement and in 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 GHG’s and its businesses fourth quarter of 2021 consolidated financial results. Unless otherwise mentioned, comparatives are for the 4<sup>th</sup> quarter of 2020. 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 Results

Healthcare Services business, where GCAP owns 100% equity interests through GHG, is the largest healthcare market participant in Georgia, accounting for 20% of the country's total hospital bed capacity as of 31-Dec-21. Healthcare services business comprises three segments: 1) Hospitals (17 referral hospitals with a total of 2,596 beds) providing secondary and tertiary level healthcare services; 2) Clinics: 19 community clinics with 353 beds (providing outpatient and basic inpatient services) and 15 polyclinics (providing outpatient diagnostic and treatment services); 3) Diagnostics, operating the largest laboratory in the entire Caucasus region - "Mega Lab".

### 4Q21 & FY21 performance (GEL '000), Healthcare Services<sup>1,2</sup>

INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Revenue, net <sup>3</sup>	110,561	84,497	30.8%	406,230	283,447	43.3%
Gross Profit	42,121	31,245	34.8%	166,685	111,919	48.9%
Gross profit margin	37.5%	36.8%	0.7 ppts	40.6%	39.2%	1.4 ppts
Operating expenses (ex. IFRS 16)	(19,877)	(10,565)	88.1%	(71,149)	(50,093)	42.0%
EBITDA (ex. IFRS 16)	22,244	20,680	7.6%	95,536	61,826	54.5%
EBITDA margin (ex. IFRS 16)	19.8%	24.3%	-4.5ppts	23.3%	21.6%	1.7ppts
Net profit/(loss) (ex. IFRS 16)	5,858	3,664	59.9%	35,238	(11,210)	NMF
<b>CASH FLOW HIGHLIGHTS</b>						
Cash flow from operating activities (ex. IFRS 16)	24,726	7,933	211.7%	78,379	80,955	-3.2%
EBITDA to cash conversion (ex. IFRS 16)	111.2%	38.4%	72.8ppts	82.0%	130.9%	-48.9ppts
Cash flow from/used in investing activities <sup>4</sup>	(5,208)	(7,698)	-32.3%	(38,347)	3,447	NMF
Dividends and intersegment loans issued/received	7,973	6,726	18.5%	32,513	13,309	NMF
Free cash flow (ex. IFRS 16) <sup>5</sup>	17,944	(329)	NMF	36,331	83,228	-56.3%
Cash flow from financing activities (ex. IFRS 16)	(26,444)	(12,143)	NMF	(111,994)	(15,169)	NMF
<b>BALANCE SHEET HIGHLIGHTS</b>						
Total assets	847,671	907,286	-6.6%	899,391	-5.8%	
Of which, cash balance and bank deposits	52,423	51,471	1.8%	93,721	-44.1%	
Of which, securities and loans issued	4,241	4,128	2.7%	7,133	-40.5%	
Total liabilities	483,348	503,077	-3.9%	510,079	-5.2%	
Of which, borrowings	263,161	280,052	-6.0%	312,036	-15.7%	
Total equity	364,323	404,209	-9.9%	389,312	-6.4%	

### KEY POINTS / VALUATION DRIVERS

- Revenues up 30.8% y-o-y in 4Q21 and up 43.3% y-o-y in FY21, reflecting rebounding demand for regular elective care and outpatient services
- Strong revenue trend combined with a well-controlled direct cost base translated into the gross profit growth, up 34.8% in 4Q21 and up 48.9% in FY21 y-o-y, respectively
- EBITDA margin (excl. IFRS 16) was down 4.5 ppts y-o-y in 4Q21 (up 1.7 ppts y-o-y in FY21), reflecting a base effect of a state income tax subsidy for low salary range employees and one-off gains recorded in other operating income in 4Q20
- Excluding the impact of state income tax subsidy and other operating income, EBITDA margin (excl. IFRS 16) was up by 4.2 ppts y-o-y in 4Q21 and up 6.3 ppts y-o-y in FY21
- Increased working capital investments in 1H21 due to the robust revenue growth of the business led to a rebound in operating cash (excl. IFRS 16) in 2H21. Consequently, operating cash was up 211.7% y-o-y in 4Q21, translating into 111.2% EBITDA to cash conversion rate (excl. IFRS 16)
- Net debt was down 8.0% in 4Q21 (down 2.2% in FY21) to GEL 206.5 million as of 31-Dec-21, reflecting strong cash flow generation of the business
- As announced in October 2021, GHG signed a contract to gradually acquire 33% interest in its retail (pharmacy) business. The goodwill arising on the acquisition comprises GEL 50.4 million, however, since International Financial Reporting Standards ("IFRS") does not allow recognition of goodwill on minority acquisitions, the transaction resulted in a respective decrease of equity (as instructed per IFRS)
- GEL 11.5 million dividends<sup>6</sup> paid to GCAP in FY21

<sup>1</sup> The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>. See reconciliation to IFRS 16 on page 29

<sup>2</sup> All numbers in income statement and cash flow statement are adjusted to exclude HTMC hospital, sold in August 2020.

<sup>3</sup> Net revenue – Gross revenue excluding corrections and rebates. Margins are calculated from Gross revenue.

<sup>4</sup> Of which - capex of GEL 8.5 million in 3Q21 (GEL 3.8 million in 3Q20) and GEL 23.2 million in 9M21 (GEL 16.4 million in 9M20); acquisition of subsidiaries / payment of holdback of GEL 5.8 million in 3Q21 (GEL 0.5 million in 3Q20) and GEL 12.1 million in 9M21 (GEL 5.9 million in 9M20); net proceeds on sale of subsidiaries of GEL 32.8 in 3Q20 (sale of HTMC hospital – sold in August 2020).

<sup>5</sup> Operating cash flows less capex, less acquisition of subsidiaries / payment of holdback, plus net proceeds on sale of subsidiaries.

<sup>6</sup> In 2021, Georgia Healthcare Group paid GEL 25 million dividends to GCAP, which is reflected solely in the cash flow of the healthcare services business at GHG level. At GCAP level, dividends collected from GHG were allocated across all three GHG businesses, Healthcare Services (GEL 11.5 million), Retail (Pharmacy) (GEL 11.5 million) and Medical Insurance (GEL 2 million).

## INCOME STATEMENT HIGHLIGHTS

The healthcare services business continues to be actively engaged in supporting the COVID-19 pandemic response in Georgia. 7 of our hospitals and 12 of our clinics continue receiving COVID patients, with a total aggregate number of c.1,040 beds across the country. The Government of Georgia fully reimburses costs associated with COVID-19 treatments and pays a fixed fee amount per bed designated for COVID patients. A growing number of admissions for regular elective care and outpatient services, along with COVID-19 treatments, contributed to robust revenue growth in 4Q21 and FY21, outpacing even 2019 numbers.

- At our hospitals, the occupancy rate was up by 9.5 ppts to 69.6% in 4Q21 and up by 12.2 ppts to 65.3% in FY21 y-o-y. Increased demand for elective and outpatient services also increased the number of admissions (including outpatient and COVID patients' admissions) to hospitals by 90.1% in 4Q21 and by 82.9% in FY21 y-o-y. These trends translated into hospitals y-o-y net revenue growth of 29.8% for the quarter and 38.3% for the year. Revenue was up 35.8% in 4Q21 compared to 4Q19 and up 29.1% in FY21 compared to FY19.
- At our clinics, similarly, the number of admissions was up by 72.9% in 4Q21 and up by 71.8% in FY21 y-o-y. The number of registered patients in Tbilisi increased by c.35,000 y-o-y to c.257,000 and by c.71,000 y-o-y to c.589,000 in FY21 across the country. This translated into clinics' y-o-y net revenue growth of 51.9% in 4Q21 and 52.2% in FY21. Clinics also significantly outperformed against 2019 performance, with revenues being up 73.2% in 4Q21 compared to 4Q19 and up 59.9% in FY21 compared to FY19.
- The diagnostics segment, which, apart from regular diagnostics services, is also engaged in COVID-19 testing, increased its revenue by 8.5% y-o-y in 4Q21 to GEL 8.4 million and by 109.6% y-o-y in FY21, reaching GEL 30.4 million. Approximately half of diagnostics revenue relates to COVID-19 testing and another half to regular lab tests. Revenue from COVID-19 testing was down by 9.0% in 4Q21 and up 2.4x in FY21 y-o-y, while the revenue from the regular lab tests was up by 45.7% and up 79.9% y-o-y, in 4Q21 and FY21, respectively.

The developments described above translated into strong y-o-y net revenue growth of 30.8% in 4Q21 and 43.3% in FY21 from healthcare services (up 48.2% in 4Q21 compared to 4Q19; up 39.7% in FY21 compared to FY19).

The cost of services in the business consists mainly of materials, salaries and utilities. Trends in materials and salary costs are captured in the materials and direct salary rates<sup>7</sup>. The materials rate increased by 1.6 ppts y-o-y in FY21, reflecting increased consumption and prices of medical disposables and personal protective equipment at healthcare facilities due to the COVID-19 driven supply shortage. However, after implementing the new initiatives the materials direct rate started to stabilise in 4Q21, down by 4.1 ppts y-o-y.

COVID-19 related bonuses granted to our medical personnel as well as the expiration of a 6-months state income tax subsidy, the latter effective from May 2020 till June 2021, slightly increased the direct salary rate for the quarter (up 1.1 ppts at hospitals and up 2.8 ppts at clinics, y-o-y). Overall, for the FY21, the direct salary rate showed a positive trend, being down by 3.1 ppts at hospitals and 1.8 ppts at clinics, y-o-y. The cost of utilities was up 49.0% in 4Q21 and 48.3% in FY21 y-o-y, resulting from increased tariffs on water, gas and electricity, effective since January 2021. As a result, the healthcare services business posted a 37.5% gross margin in 4Q21 and 40.6% in FY21, up 0.7 ppts and 1.4 ppts y-o-y, respectively. Adjusted for the impact of state income tax subsidy, the gross profit margin was up 3.4 ppts in 4Q21 and up by 3.5 ppts in FY21, y-o-y.

Despite the expiration of a state income tax subsidy and increased cost of materials and utilities, the business managed to post positive operating leverage of 8.5 ppts in 4Q21, which is adjusted to exclude other operating income (close to zero in 4Q21 compared to GEL 5.2 million in 4Q20, mainly reflecting one-off gains).

Overall, the strong revenue trend combined with a well-controlled operating cost base for the year translated into positive operating leverage of 6.9 ppts in FY21 (adjusted to exclude other operating income, operating leverage stood at 24.4 ppts in FY21). These led to 7.6% and 54.5% y-o-y growth in 4Q21 and FY21 EBITDA (excl. IFRS 16), respectively. EBITDA margin (excl. IFRS 16) was down 4.5 ppts and up 1.7 ppts y-o-y in 4Q21 and FY21, respectively. Adjusted for the state subsidy impact and excluding other operating income, EBITDA margin (excl. IFRS 16) was up by 4.2 ppts y-o-y in 4Q21 and up 6.3 ppts y-o-y in FY21. In FY21 the EBITDA margin (excl. IFRS 16) at hospitals was 23.0% (up 1.2 ppts y-o-y), at clinics 19.9% (down 0.2 ppts y-o-y) and at diagnostics 23.8% (up 11.5 ppts y-o-y).

To curb the inflation pressure, the National Bank of Georgia continues tightening the monetary policy, with the refinancing rate being up 2.0 ppts in the last twelve months. This, together with increased net debt position by the end of 3Q21, led to an increase in net interest expense (excl. IFRS 16) in 4Q21 (up 21.2% y-o-y to GEL 6.2 million). The full-year net interest expense was down 17.1% y-o-y, to GEL 22.7 million, reflecting the low level of net debt position of the business throughout the year.

Overall, the business posted GEL 5.9 million net profit excluding IFRS 16 in 4Q21, up by 59.9% y-o-y. In 2021 net profit (excl. IFRS 16) reached GEL 35.2 million, compared to GEL 11.2 million net loss reported in FY20.

<sup>7</sup> The respective costs divided by gross revenues.

## CASH FLOW HIGHLIGHTS

The first half of 2021 was relatively slow in terms of operating cash flow. It was affected by increased working capital needs due to the significant revenue growth posted by the business, as well as by the collection of receivables from the state due to the delay in the processing of bills during the preceding period, led by the high number of COVID cases in the country. In the second half, the business demonstrated a full turnaround in terms of cash flow generation. As a result, cash flow from operating activities (excl. IFRS 16) was up 211.7% y-o-y in 4Q21, translated into a 111.2% EBITDA to cash conversion rate. Operating cash flow (excl. IFRS 16) was down 3.2% y-o-y in FY21, and the cash conversion rate stood at 82.0%. Capex investment was GEL 10.2 million in 4Q21, mainly reflecting maintenance capex. Total capex amounted to GEL 33.4 million in 2021. The business paid GEL 11.5 million dividends in FY21 to GCAP.

## Discussion of Retail (pharmacy) Business Results

The retail (pharmacy) business, where GCAP owns 67% equity interests through GHG, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a 35% market share by revenue. The business consists of a retail pharmacy chain and a wholesale business that sells pharmaceuticals and medical supplies to hospitals and other pharmacies. The pharmacy chain has a total of 349 pharmacies, of which 344 are in Georgia, and 5 are in Armenia.

### 4Q21 & FY21 performance (GEL '000), Retail (pharmacy)<sup>8</sup>

INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
<b>Revenue, net</b>	<b>216,275</b>	<b>201,004</b>	<b>7.6%</b>	<b>782,409</b>	<b>679,437</b>	<b>15.2%</b>
Of which, retail	167,884	142,307	18.0%	583,465	494,728	17.9%
Of which, wholesale	48,391	58,696	-17.6%	198,944	184,709	7.7%
<b>Gross Profit</b>	<b>59,861</b>	<b>48,741</b>	<b>22.8%</b>	<b>203,068</b>	<b>172,312</b>	<b>17.8%</b>
Gross profit margin	27.7%	24.2%	3.5 ppts	26.0%	25.4%	0.6 ppts
Operating expenses (ex. IFRS 16)	(37,398)	(28,414)	31.6%	(126,874)	(101,925)	24.5%
<b>EBITDA (ex. IFRS 16)</b>	<b>22,463</b>	<b>20,327</b>	<b>10.5%</b>	<b>76,194</b>	<b>70,387</b>	<b>8.3%</b>
EBITDA margin, (ex. IFRS 16)	10.4%	10.1%	0.3 ppts	9.7%	10.4%	-0.7 ppts
<b>Net profit (ex. IFRS 16)</b>	<b>20,592</b>	<b>12,082</b>	<b>70.4%</b>	<b>67,870</b>	<b>32,531</b>	<b>108.6%</b>
<b>CASH FLOW HIGHLIGHTS</b>						
<b>Cash flow from operating activities (ex. IFRS 16)</b>	<b>40,283</b>	<b>17,635</b>	<b>128.4%</b>	<b>80,016</b>	<b>66,074</b>	<b>21.1%</b>
EBITDA to cash conversion	179.3%	86.8%	92.5 ppts	105.0%	93.9%	11.1 ppts
<b>Cash flow used in investing activities<sup>9</sup></b>	<b>(8,379)</b>	<b>(937)</b>	<b>NMF</b>	<b>(21,741)</b>	<b>(1,963)</b>	<b>NMF</b>
<b>Free cash flow, (ex. IFRS 16)<sup>10</sup></b>	<b>34,403</b>	<b>16,149</b>	<b>113.0%</b>	<b>63,470</b>	<b>60,759</b>	<b>4.5%</b>
<b>Cash flow from financing activities (ex. IFRS 16)</b>	<b>(13,573)</b>	<b>(15,569)</b>	<b>-12.8%</b>	<b>(39,243)</b>	<b>(37,090)</b>	<b>5.8%</b>
<b>BALANCE SHEET HIGHLIGHTS</b>						
<b>Total assets</b>	<b>522,814</b>	<b>489,718</b>	<b>6.8%</b>	<b>464,644</b>	<b>12.5%</b>	
Of which, cash and bank deposits	54,616	36,530	49.5%	36,856	48.2%	
Of which, securities and loans issued	20,922	17,304	20.9%	12,471	67.8%	
<b>Total liabilities</b>	<b>375,745</b>	<b>363,148</b>	<b>3.5%</b>	<b>361,048</b>	<b>4.1%</b>	
Of which, borrowings	89,844	90,816	-1.1%	88,608	1.4%	
Of which, lease liabilities	104,613	98,374	6.3%	85,919	21.8%	
<b>Total equity</b>	<b>147,069</b>	<b>126,570</b>	<b>16.2%</b>	<b>103,596</b>	<b>42.0%</b>	

## KEY POINTS / VALUATION DRIVERS

- Strong y-o-y growth in 4Q21 revenues (up 7.6%) and EBITDA (excl. IFRS 16) (up 10.5%). Revenue and EBITDA were also up 15.2% and 8.3% y-o-y in FY21, respectively, reflecting overall improvement in economic activity and continuing expansion of the pharmacy chain
- Robust gross profit margin of 27.7% in 4Q21, reaching 26.0% for the year, resulting from new high-margin contracts in the wholesale business
- EBITDA margin at 10.4% in 4Q21 and 9.7% in 2021, exceeding the targeted 9%+
- Rebounding trend in cash flow from operating activities, in line with the enhanced revenue streams - up 128.4% in 4Q21 y-o-y, with 179.3% EBITDA to cash conversion ratio. EBITDA to cash conversion ratio at 105.0% in FY21
- Strong operating cash translated into net debt<sup>11</sup> reduction, down 61.3% q-o-q to GEL 14.3 million as of 31-Dec-21
- The business paid GEL 11.5 million dividends<sup>12</sup> to GCAP in FY21
- Added 36 pharmacies over the last 12 months, expanding from 313 to 349 stores

<sup>8</sup> The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>. See reconciliation to IFRS 16 on page 30

<sup>9</sup> Of which - capex of GEL 3.6 million in 4Q21 (GEL 1.5 million in 4Q20) and GEL 14.3 million in FY21 (GEL 5.3 million in FY20); acquisition of subsidiaries / payment of holdback of GEL 2.3 million in 4Q21 (GEL 0 million in 4Q20) and GEL 2.3 million in 2021 (GEL 0 million in 2020).

<sup>10</sup> Calculated by deducting capex and acquisition of subsidiaries / payment of holdback from operating cash flows.

<sup>11</sup> Net debt is calculated from Cash balance and bank deposits, securities and loans issued minus gross debt.

<sup>12</sup> In 2021, Georgia Healthcare Group paid GEL 25 million dividends to GCAP, which is reflected solely in the cash flow of the healthcare services business at GHG level. At GCAP level, dividends collected from GHG were allocated across all three GHG businesses, Healthcare Services (GEL 11.5 million), Retail (Pharmacy) (GEL 11.5 million) and Medical Insurance (GEL 2 million).

## INCOME STATEMENT HIGHLIGHTS

The retail (pharmacy) business delivered 7.6% y-o-y revenue growth in 4Q21 and 15.2% in FY21, reflecting expansion (adding 36 pharmacies over 12 months), organic sales growth (same-store revenue up 10.6% in 4Q21 and FY21) as well as increased revenue from wholesale during the year. The retail revenue share in total revenue was 77.6% in 4Q21 (70.8% in 4Q20) and 74.6% in FY21 (72.8% in FY20). The revenue from para-pharmacy as a percentage of retail revenue from the pharmacy was 36.4% in 4Q21 (34.6% in 4Q20) and 35.3% in FY21 (34.7% in FY20).

Retail (Pharmacy)'s key operating performance highlights for 4Q21 and FY21 are noted below:

<b>Unaudited</b>	<b>4Q21</b>	<b>4Q20</b>	<b>Change</b>	<b>FY21</b>	<b>FY20</b>	<b>Change</b>
Same store revenue growth	10.6%	9.2%	1.4ppts	10.6%	6.1%	4.5ppts
Number of bills issued (mln)	8.0	7.2	10.6%	29.0	27.6	5.3%
Average bill size (GEL)	19.9	18.6	7.1%	18.9	16.8	12.2%

Benefitting from the strong economic recovery since 2Q21, the margins continued to rebound, and the business posted 27.7% (up 3.5 ppts y-o-y) and 26.0% (up 0.6 ppts y-o-y) gross profit margins in 4Q21 and FY21, respectively.

The business posted negative operating leverage (excl. IFRS 16) of 8.8ppts in 4Q21 and 6.7 ppts in FY21, mainly reflecting 1) increased rent expense of pharmacies due to exchange rate developments (about 85% of rental contracts are denominated in US\$) as well as the expiration of six to twelve months discounts obtained from lessors for pharmacy leases at the initial stage of the pandemic; and 2) high marketing costs in 2021 associated to new projects and store openings. Along with increased salary expense mainly associated with the cancellation of the state tax subsidy, effective during May 2020 - June 2021, this translated into a y-o-y increase in the operating expenses (excluding IFRS 16) of 31.6% in 4Q21 and 24.5% in FY21. The result was a 10.5% and 8.3% y-o-y increase in EBITDA excluding IFRS 16 with an EBITDA margin of 10.4% for the quarter and 9.7% for the year.

Interest expense, excluding IFRS 16, was down 34.1% y-o-y in 4Q21 and down 22.1% in FY21, due to the 63.6% decrease in net debt position y-o-y as of Dec-21 (down 61.3% q-o-q). GEL 1.4 million foreign currency gain, excluding IFRS 16, reflects the decrease in the GEL value of US\$ and EUR denominated payables to suppliers due to the appreciation of GEL in 4Q21. Overall, the business posted a GEL 7.5 million foreign currency gain in FY21 compared to GEL 13.2 million loss posted in the same period last year.

As a result, the business posted a GEL 20.6 million profit in 4Q21 (up 70.4% y-o-y) and GEL 67.9 million in FY21 (up 108.6% y-o-y) excluding IFRS 16.

Due to the expansion of local business as well as opening new pharmacies internationally (currently in Armenia), the business is upgrading its core IT system which enables the company to implement a more efficient operating system for the warehouse, decrease the major operational risks and improve the day-to-day inventory management process. The implementation process will last approximately a year and a half, ending in June 2023, with the total estimated cost at around USD 3.2 million.

## CASH FLOW AND BALANCE SHEET HIGHLIGHTS

Cash flow from operating activities was up 128.4% y-o-y in 4Q21, led by increased retail revenues and increased collection of accounts receivables' balances, translating into a 179.3% EBITDA to cash conversion ratio for the same period. Operating cash flow was up 21.1% y-o-y in FY21, and the cash conversion rate stood at 105.0%. Increased cash outflows from investing activities reflect increased capex investments attributable to new projects such as opticians and new format pharmacies, as well as regular expansion of the chain. The business paid GEL 11.5 million dividends to GCAP in FY21

## Discussion of Medical Insurance Business Results

GHG is the country's largest private medical insurer, with a 23.0% market share based on 9M21 net insurance premiums. GHG offers a variety of medical insurance products primarily to Georgian corporate and state entities and also to retail clients. The medical insurance business plays a significant feeder role for GHG's polyclinics, pharmacies and hospitals.

### 4Q21 & FY21 performance (GEL '000), Insurance (P&C and Medical)<sup>13</sup>

INCOME STATEMENT HIGHLIGHTS	4Q21	4Q20	Change	FY21	FY20	Change
Earned premiums, net	18,297	18,021	1.5%	72,381	69,486	4.2%
Net underwriting profit	2,472	4,536	-45.5%	11,557	16,126	-28.3%
Net profit	593	2,309	-74.3%	3,773	6,424	-41.3%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	2,503	4,936	-49.3%	5,056	13,046	-61.2%
Free cash flow	2,324	4,738	-50.9%	4,669	15,653	-70.2%
BALANCE SHEET HIGHLIGHTS	31-Dec-21	30-Sep-21	Change	31-Dec-20	Change	
Total assets	78,822	85,514	-7.8%	81,408	-3.2%	
Total equity	32,230	31,778	1.4%	32,064	0.5%	

### KEY POINTS / VALUATION DRIVERS

- Earned premiums net up 1.5% y-o-y in 4Q21 (up 4.2% y-o-y in FY21), reflecting increased prices of the insurance policies
- On the back of increased demand for healthcare services, the loss ratio was up 10.6 ppts in 4Q21 to 81.1% and up 6.3 ppts to 79.3% in FY21, y-o-y.
- Insurance renewal rate at 77.1% in 4Q21 (76.5% in 4Q20) and 78.0% in FY21 (73.4% in FY20)
- The number of insured clients at c.165,000 as of 31-Dec-21, down 1.8% over the quarter
- The business paid GEL 2 million in dividends to GCAP in FY21
- 

### INCOME STATEMENT HIGHLIGHTS

The increase in 4Q21 and FY21 earned premiums net by 1.5% and 4.2%, respectively, reflects an increase in the prices of insurance policies. Various incentives such as the direct settlement of claims with the provider mean that, on top of its own positive contribution to GHG's profitability, the medical insurance business plays a feeder role in originating and directing patients to GHG's healthcare facilities, mainly to polyclinics and to pharmacies. The direct settlement improves claims retention rates within GHG.

Claims retention rates, unaudited	4Q21	4Q20	Change	FY21	FY20	Change
Total claims retained within the GHG	38.8%	35.5%	+3.3ppts	36.3%	37.3%	-1.0ppts
Total claims retained in outpatient	38.8%	41.7%	-2.9ppts	39.0%	41.7%	-2.7ppts

In FY21, the net claims expenses were GEL 57.4 million (up 13.1% y-o-y), of which GEL 24.3 million (42.3% of total) was inpatient, GEL 20.4 million (35.5% of total) was outpatient and GEL 12.7 million (22.2% of total) was related to pharmaceuticals. Reflecting a rebounding trend in the number of admissions at hospitals and clinics in 2021, compared to patient footprint slowdown at healthcare facilities last year due to the pandemic, the loss ratio was up 10.6 ppts to 81.1% in 4Q21 and up 6.3 ppts to 79.3% in FY21. As a result, the combined ratio increased by 11.7 ppts y-o-y to 100.3% for the quarter and by 6.8 ppts y-o-y for the FY21 to 97.4%. The business posted a net profit of GEL 0.6 million in 4Q21 (down 74.3% y-o-y) and GEL 3.8 million in FY21 (down 41.3% y-o-y).

### BALANCE SHEET AND CASH FLOW HIGHLIGHTS

Operating cash flow decline is associated with the increased claims expense of the business. The business paid GEL 2 million dividends in FY21.

<sup>13</sup> The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.



## SELECTED FINANCIAL INFORMATION – Healthcare Service

INCOME STATEMENT	Hospitals			Clinics			Diagnostic			Eliminations		Healthcare Services		
<i>GEL thousands, unless otherwise noted</i>	4Q21	4Q20	Change	4Q21	4Q20	Change	4Q21	4Q20	Change	4Q21	4Q20	4Q21	4Q20	Change
<b>Revenue, gross</b>	<b>86,854</b>	<b>66,142</b>	<b>31.3%</b>	<b>20,663</b>	<b>13,573</b>	<b>52.2%</b>	<b>8,442</b>	<b>7,782</b>	<b>8.5%</b>	<b>(3,741)</b>	<b>(2,537)</b>	<b>112,218</b>	<b>84,960</b>	<b>32.1%</b>
Corrections & rebates	(1,510)	(395)	NMF	(147)	(68)	NMF	-	-	NMF	-	-	(1,657)	(463)	NMF
<b>Revenue, net</b>	<b>85,344</b>	<b>65,747</b>	<b>29.8%</b>	<b>20,516</b>	<b>13,505</b>	<b>51.9%</b>	<b>8,442</b>	<b>7,782</b>	<b>8.5%</b>	<b>(3,741)</b>	<b>(2,537)</b>	<b>110,561</b>	<b>84,497</b>	<b>30.8%</b>
<b>Costs of services</b>	<b>(54,604)</b>	<b>(42,849)</b>	<b>27.4%</b>	<b>(11,891)</b>	<b>(6,966)</b>	<b>70.7%</b>	<b>(5,809)</b>	<b>(5,972)</b>	<b>-2.7%</b>	<b>3,864</b>	<b>2,535</b>	<b>(68,440)</b>	<b>(53,252)</b>	<b>28.5%</b>
Cost of salaries and other employee benefits	(29,524)	(21,775)	35.6%	(6,507)	(3,900)	66.8%	(1,125)	(537)	NMF	-	-	(37,156)	(26,212)	41.8%
Cost of materials and supplies	(18,981)	(16,499)	15.0%	(2,512)	(1,196)	NMF	(4,378)	(5,231)	-16.3%	213	-	(25,658)	(22,926)	11.9%
Cost of medical service providers	(1,887)	(1,721)	9.6%	(1,996)	(1,270)	57.2%	(45)	(63)	-28.6%	3,648	2,528	(280)	(526)	-46.8%
Cost of utilities and other	(4,212)	(2,854)	47.6%	(876)	(600)	46.0%	(261)	(141)	85.1%	3	7	(5,346)	(3,588)	49.0%
<b>Gross profit</b>	<b>30,740</b>	<b>22,898</b>	<b>34.2%</b>	<b>8,625</b>	<b>6,539</b>	<b>31.9%</b>	<b>2,633</b>	<b>1,810</b>	<b>45.5%</b>	<b>123</b>	<b>(2)</b>	<b>42,121</b>	<b>31,245</b>	<b>34.8%</b>
<b>Gross profit margin</b>	<b>35.4%</b>	<b>34.6%</b>	<b>+0.8ppts</b>	<b>41.7%</b>	<b>48.2%</b>	<b>-6.5ppts</b>	<b>31.2%</b>	<b>23.3%</b>	<b>+7.9ppts</b>	-	-	<b>37.5%</b>	<b>36.8%</b>	<b>+0.7ppts</b>
Salaries and other employee benefits	(8,555)	(7,692)	11.2%	(2,963)	(2,183)	35.7%	(414)	(293)	41.3%	-	-	(11,932)	(10,168)	17.3%
General and administrative expenses	(3,701)	(3,123)	18.5%	(1,905)	(847)	NMF	(689)	(265)	NMF	144	7	(6,151)	(4,228)	45.5%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(3,976)</i>	<i>(3,044)</i>	<i>30.6%</i>	<i>(2,078)</i>	<i>(1,380)</i>	<i>46.2%</i>	<i>(689)</i>	<i>(265)</i>	<i>NMF</i>	<i>144</i>	<i>7</i>	<i>(6,539)</i>	<i>(4,682)</i>	<i>39.7%</i>
Impairment of receivables	(1,292)	(807)	60.1%	(107)	(70)	52.9%	-	-	NMF	-	-	(1,399)	(877)	59.5%
Other operating income	241	5,073	-95.2%	113	145	-22.1%	(25)	(52)	-51.9%	(336)	(4)	(7)	5,162	NMF
<b>EBITDA</b>	<b>17,433</b>	<b>16,349</b>	<b>6.6%</b>	<b>3,763</b>	<b>3,584</b>	<b>5.0%</b>	<b>1,505</b>	<b>1,200</b>	<b>25.4%</b>	<b>(69)</b>	<b>1</b>	<b>22,632</b>	<b>21,134</b>	<b>7.1%</b>
<b>EBITDA excluding IFRS 16</b>	<b>17,158</b>	<b>16,428</b>	<b>4.4%</b>	<b>3,650</b>	<b>3,051</b>	<b>19.6%</b>	<b>1,505</b>	<b>1,200</b>	<b>25.4%</b>	<b>(69)</b>	<b>1</b>	<b>22,244</b>	<b>20,680</b>	<b>7.6%</b>
<b>EBITDA margin excluding IFRS 16</b>	<b>19.8%</b>	<b>24.8%</b>	<b>-5.0ppts</b>	<b>17.7%</b>	<b>22.5%</b>	<b>-4.8ppts</b>	<b>17.8%</b>	<b>15.4%</b>	<b>+2.4ppts</b>	-	-	<b>19.8%</b>	<b>24.3%</b>	<b>-4.5ppts</b>
Depreciation and amortization	(7,175)	(6,139)	16.9%	(1,520)	(1,910)	-20.4%	(182)	(168)	8.3%	-	-	(8,877)	(8,217)	8.0%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(6,939)</i>	<i>(5,946)</i>	<i>16.7%</i>	<i>(1,556)</i>	<i>(1,548)</i>	<i>0.5%</i>	<i>(182)</i>	<i>(168)</i>	<i>8.3%</i>	-	-	<i>(8,677)</i>	<i>(7,662)</i>	<i>13.2%</i>
Net interest income (expense)	(4,982)	(4,257)	17.0%	(1,298)	(934)	39.0%	(124)	(137)	-9.5%	-	-	(6,404)	(5,328)	20.2%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(4,938)</i>	<i>(4,208)</i>	<i>17.3%</i>	<i>(1,178)</i>	<i>(803)</i>	<i>46.7%</i>	<i>(124)</i>	<i>(137)</i>	<i>-9.5%</i>	-	-	<i>(6,240)</i>	<i>(5,148)</i>	<i>21.2%</i>
Net gains/(losses) from foreign currencies	(423)	(1,843)	-77.0%	139	(57)	NMF	(14)	(2)	NMF	-	-	(298)	(1,902)	-84.3%
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(444)</i>	<i>(1,852)</i>	<i>-76.0%</i>	<i>40</i>	<i>(159)</i>	<i>NMF</i>	<i>(14)</i>	<i>(2)</i>	<i>NMF</i>	-	-	<i>(418)</i>	<i>(2,013)</i>	<i>-79.2%</i>
Net non-recurring income/(expense)	(1,002)	(340)	NMF	(51)	(1,832)	-97.2%	2	(21)	NMF	-	-	(1,051)	(2,193)	-52.1%
<b>Profit/(loss) before income tax expense</b>	<b>3,851</b>	<b>3,770</b>	<b>2.1%</b>	<b>1,033</b>	<b>(1,149)</b>	<b>NMF</b>	<b>1,187</b>	<b>872</b>	<b>36.1%</b>	<b>(69)</b>	<b>1</b>	<b>6,002</b>	<b>3,494</b>	<b>71.8%</b>
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	NMF	-	-	-	-	NMF
<b>Profit/(loss) for the period from continuous operations</b>	<b>3,851</b>	<b>3,770</b>	<b>2.1%</b>	<b>1,033</b>	<b>(1,149)</b>	<b>NMF</b>	<b>1,187</b>	<b>872</b>	<b>36.1%</b>	<b>(69)</b>	<b>1</b>	<b>6,002</b>	<b>3,494</b>	<b>71.8%</b>
Loss from discontinued operations	-	(547)	NMF	-	-	NMF	-	-	NMF	-	-	-	(547)	NMF
<b>Profit/(loss) for the period</b>	<b>3,851</b>	<b>3,223</b>	<b>19.5%</b>	<b>1,033</b>	<b>(1,149)</b>	<b>NMF</b>	<b>1,187</b>	<b>872</b>	<b>36.1%</b>	<b>(69)</b>	<b>1</b>	<b>6,002</b>	<b>2,947</b>	<b>NMF</b>
<b>Attributable to:</b>														
- shareholders of the Company	2,594	2,547	1.8%	950	(1,196)	NMF	1,187	872	36.1%	(69)	1	4,662	2,224	NMF
- non-controlling interests	1,257	676	85.9%	83	47	76.6%	-	-	NMF	-	-	1,340	723	85.3%
<b>Profit/(loss) for the period excluding IFRS 16 from continuous operations</b>	<b>3,835</b>	<b>4,082</b>	<b>-6.1%</b>	<b>905</b>	<b>(1,291)</b>	<b>NMF</b>	<b>1,187</b>	<b>872</b>	<b>36.1%</b>	<b>(69)</b>	<b>1</b>	<b>5,858</b>	<b>3,664</b>	<b>59.9%</b>
Loss from discontinued operations excluding IFRS 16	-	(547)	NMF	-	-	NMF	-	-	NMF	-	-	-	(547)	NMF
<b>Profit/(loss) for the period excluding IFRS 16</b>	<b>3,835</b>	<b>3,535</b>	<b>8.5%</b>	<b>905</b>	<b>(1,291)</b>	<b>NMF</b>	<b>1,187</b>	<b>872</b>	<b>36.1%</b>	<b>(69)</b>	<b>1</b>	<b>5,858</b>	<b>3,117</b>	<b>87.9%</b>
<b>Attributable to:</b>														
- shareholders of the Company	2,578	2,859	-11.3%	822	(1,338)	NMF	1,187	872	36.1%	(69)	1	4,518	2,394	85.2%
- non-controlling interests	1,257	676	99.5%	83	47	76.6%	-	-	NMF	-	-	1,340	723	97.9%

## SELECTED FINANCIAL INFORMATION – Healthcare Services, *continued*

INCOME STATEMENT	Hospitals			Clinics			Diagnostic			Eliminations		Healthcare Services		
	FY21	FY20	Change	FY21	FY20	Change	FY21	FY20	Change	FY21	FY20	FY21	FY20	Change
<i>GEL thousands, unless otherwise noted</i>														
<b>Revenue, gross</b>	<b>322,375</b>	<b>232,250</b>	<b>38.8%</b>	<b>71,028</b>	<b>46,685</b>	<b>52.1%</b>	<b>30,441</b>	<b>14,522</b>	<b>NMF</b>	<b>(13,072)</b>	<b>(7,626)</b>	<b>410,772</b>	<b>285,831</b>	<b>43.7%</b>
Corrections & rebates	(4,026)	(2,033)	98.1%	(516)	(352)	46.6%	-	-	NMF	-	-	(4,542)	(2,384)	90.5%
<b>Revenue, net</b>	<b>318,349</b>	<b>230,218</b>	<b>38.3%</b>	<b>70,512</b>	<b>46,333</b>	<b>52.2%</b>	<b>30,441</b>	<b>14,522</b>	<b>NMF</b>	<b>(13,072)</b>	<b>(7,626)</b>	<b>406,230</b>	<b>283,447</b>	<b>43.3%</b>
<b>Costs of services</b>	<b>(194,597)</b>	<b>(143,105)</b>	<b>36.0%</b>	<b>(39,199)</b>	<b>(24,610)</b>	<b>59.3%</b>	<b>(19,156)</b>	<b>(11,439)</b>	<b>67.5%</b>	<b>13,407</b>	<b>7,626</b>	<b>(239,545)</b>	<b>(171,528)</b>	<b>39.7%</b>
Cost of salaries and other employee benefits	(102,618)	(81,141)	26.5%	(21,225)	(14,794)	43.5%	(3,029)	(1,751)	73.0%	-	-	(126,872)	(97,686)	29.9%
Cost of materials and supplies	(68,130)	(45,700)	49.1%	(7,500)	(3,333)	NMF	(14,915)	(9,122)	63.5%	405	-	(90,140)	(58,155)	55.0%
Cost of medical service providers	(7,305)	(4,698)	55.5%	(6,986)	(4,076)	71.4%	(279)	(137)	NMF	12,976	7,339	(1,594)	(1,572)	1.4%
Cost of utilities and other	(16,544)	(11,566)	43.0%	(3,488)	(2,407)	44.9%	(933)	(429)	NMF	26	287	(20,939)	(14,115)	48.3%
<b>Gross profit</b>	<b>123,752</b>	<b>87,113</b>	<b>42.1%</b>	<b>31,313</b>	<b>21,723</b>	<b>44.1%</b>	<b>11,285</b>	<b>3,083</b>	<b>NMF</b>	<b>335</b>	<b>-</b>	<b>166,685</b>	<b>111,919</b>	<b>48.9%</b>
<b>Gross profit margin</b>	<b>38.4%</b>	<b>37.5%</b>	<b>+0.9pppts</b>	<b>44.1%</b>	<b>46.5%</b>	<b>-2.4pppts</b>	<b>37.1%</b>	<b>21.2%</b>	<b>+15.9pppts</b>	<b>-</b>	<b>-</b>	<b>40.6%</b>	<b>39.2%</b>	<b>+1.4pppts</b>
Salaries and other employee benefits	(36,016)	(29,706)	21.2%	(10,705)	(8,194)	30.6%	(2,061)	(849)	NMF	-	-	(48,782)	(38,749)	25.9%
General and administrative expenses	(11,600)	(11,287)	2.8%	(5,561)	(3,011)	84.7%	(1,708)	(486)	NMF	170	40	(18,699)	(14,744)	26.8%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(12,521)</i>	<i>(11,437)</i>	<i>9.5%</i>	<i>(6,520)</i>	<i>(4,631)</i>	<i>40.8%</i>	<i>(1,708)</i>	<i>(486)</i>	<i>NMF</i>	<i>170</i>	<i>40</i>	<i>(20,579)</i>	<i>(16,514)</i>	<i>24.6%</i>
Impairment of receivables	(4,150)	(3,827)	8.4%	(322)	(207)	55.6%	-	-	NMF	-	-	(4,472)	(4,034)	10.9%
Other operating income	3,151	8,554	-63.2%	391	684	-42.8%	(257)	44	NMF	(601)	(79)	2,684	9,204	-70.8%
<b>EBITDA</b>	<b>75,137</b>	<b>50,848</b>	<b>47.8%</b>	<b>15,116</b>	<b>10,995</b>	<b>37.5%</b>	<b>7,259</b>	<b>1,792</b>	<b>NMF</b>	<b>(96)</b>	<b>(39)</b>	<b>97,416</b>	<b>63,596</b>	<b>53.2%</b>
<b>EBITDA excluding IFRS 16</b>	<b>74,216</b>	<b>50,698</b>	<b>46.4%</b>	<b>14,157</b>	<b>9,375</b>	<b>51.0%</b>	<b>7,259</b>	<b>1,792</b>	<b>NMF</b>	<b>(96)</b>	<b>(39)</b>	<b>95,536</b>	<b>61,826</b>	<b>54.5%</b>
<b>EBITDA margin excluding IFRS 16</b>	<b>23.0%</b>	<b>21.8%</b>	<b>+1.2pppts</b>	<b>19.9%</b>	<b>20.1%</b>	<b>-0.2pppts</b>	<b>23.8%</b>	<b>12.3%</b>	<b>+11.5pppts</b>	<b>-</b>	<b>-</b>	<b>23.3%</b>	<b>21.6%</b>	<b>+1.7pppts</b>
Depreciation and amortization	(26,653)	(24,015)	11.0%	(6,632)	(7,359)	-9.9%	(702)	(398)	76.4%	-	-	(33,987)	(31,772)	7.0%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(25,812)</i>	<i>(23,235)</i>	<i>11.1%</i>	<i>(6,219)</i>	<i>(5,911)</i>	<i>5.2%</i>	<i>(702)</i>	<i>(398)</i>	<i>76.4%</i>	<i>-</i>	<i>-</i>	<i>(32,733)</i>	<i>(29,544)</i>	<i>10.8%</i>
Net interest income (expense)	(17,907)	(22,892)	-21.8%	(4,982)	(4,710)	5.8%	(603)	(508)	18.7%	-	-	(23,492)	(28,110)	-16.4%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(17,728)</i>	<i>(22,708)</i>	<i>-21.9%</i>	<i>(4,380)</i>	<i>(4,188)</i>	<i>4.6%</i>	<i>(603)</i>	<i>(508)</i>	<i>18.7%</i>	<i>-</i>	<i>-</i>	<i>(22,711)</i>	<i>(27,404)</i>	<i>-17.1%</i>
Net gains/(losses) from foreign currencies	1,179	(4,933)	NMF	745	(944)	NMF	(16)	(5)	NMF	-	-	1,908	(5,883)	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>1,046</i>	<i>(4,640)</i>	<i>NMF</i>	<i>241</i>	<i>(422)</i>	<i>NMF</i>	<i>(16)</i>	<i>(5)</i>	<i>NMF</i>	<i>-</i>	<i>-</i>	<i>1,271</i>	<i>(5,068)</i>	<i>NMF</i>
Net non-recurring income/(expense)	(5,543)	(7,910)	-29.9%	(534)	(3,089)	-82.7%	(48)	(21)	NMF	-	-	(6,125)	(11,020)	-44.4%
<b>Profit/(loss) before income tax expense</b>	<b>26,213</b>	<b>(8,903)</b>	<b>NMF</b>	<b>3,713</b>	<b>(5,107)</b>	<b>NMF</b>	<b>5,890</b>	<b>860</b>	<b>NMF</b>	<b>(96)</b>	<b>(39)</b>	<b>35,720</b>	<b>(13,189)</b>	<b>NMF</b>
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	NMF	-	-	-	-	NMF
<b>Profit/(loss) for the period from continuous operations</b>	<b>26,213</b>	<b>(8,903)</b>	<b>NMF</b>	<b>3,713</b>	<b>(5,107)</b>	<b>NMF</b>	<b>5,890</b>	<b>860</b>	<b>NMF</b>	<b>(96)</b>	<b>(39)</b>	<b>35,720</b>	<b>(13,189)</b>	<b>NMF</b>
Loss from discontinued operations	-	(26,142)	NMF	-	-	NMF	-	-	NMF	-	-	-	(26,140)	NMF
<b>Profit/(loss) for the period</b>	<b>26,213</b>	<b>(35,046)</b>	<b>NMF</b>	<b>3,713</b>	<b>(5,107)</b>	<b>NMF</b>	<b>5,890</b>	<b>860</b>	<b>NMF</b>	<b>(96)</b>	<b>(39)</b>	<b>35,720</b>	<b>(39,329)</b>	<b>NMF</b>
<b>Attributable to:</b>														
- shareholders of the Company	23,224	(36,909)	NMF	3,431	(5,215)	NMF	5,890	860	NMF	(96)	(39)	32,449	(41,300)	NMF
- non-controlling interests	2,989	1,863	60.4%	282	108	NMF	-	-	NMF	-	-	3,271	1,971	66.0%
<b>Profit/(loss) for the period excluding IFRS 16 from continuous operations</b>	<b>26,179</b>	<b>(7,796)</b>	<b>NMF</b>	<b>3,265</b>	<b>(4,235)</b>	<b>NMF</b>	<b>5,890</b>	<b>860</b>	<b>NMF</b>	<b>(96)</b>	<b>(39)</b>	<b>35,238</b>	<b>(11,210)</b>	<b>NMF</b>
Loss from discontinued operations excluding IFRS 16	-	(26,142)	NMF	-	-	NMF	-	-	NMF	-	-	-	(26,140)	NMF
<b>Profit/(loss) for the period excluding IFRS 16</b>	<b>26,179</b>	<b>(33,939)</b>	<b>NMF</b>	<b>3,265</b>	<b>(4,235)</b>	<b>NMF</b>	<b>5,890</b>	<b>860</b>	<b>NMF</b>	<b>(96)</b>	<b>(39)</b>	<b>35,238</b>	<b>(37,350)</b>	<b>NMF</b>
<b>Attributable to:</b>														
- shareholders of the Company	23,190	(35,802)	NMF	2,983	(4,343)	NMF	5,890	860	NMF	(96)	(39)	31,967	(39,321)	NMF
- non-controlling interests	2,989	1,863	60.4%	282	108	NMF	-	-	NMF	-	-	3,271	1,971	66.0%

## SELECTED FINANCIAL INFORMATION – Healthcare Services, *continued*

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	4Q21	4Q20	Change	FY21	FY20	Change
Revenue received	123,378	75,232	64.0%	393,054	305,675	28.6%
Cost of services paid	(77,116)	(52,294)	47.5%	(241,379)	(176,207)	37.0%
<b>Gross profit received</b>	<b>46,262</b>	<b>22,938</b>	<b>NMF</b>	<b>151,675</b>	<b>129,468</b>	<b>17.2%</b>
Salaries paid	(12,380)	(9,179)	34.9%	(44,362)	(29,159)	52.1%
General and administrative expenses paid	(7,364)	(4,075)	80.7%	(22,987)	(14,984)	53.4%
General and administrative expenses paid, excluding IFRS 16	(7,872)	(4,529)	73.8%	(24,987)	(16,754)	49.1%
Other operating income/(expense) and tax paid	(1,235)	(1,293)	-4.5%	(3,721)	(2,538)	46.6%
<b>Net cash flows from operating activities before income tax</b>	<b>25,283</b>	<b>8,391</b>	<b>NMF</b>	<b>80,605</b>	<b>82,787</b>	<b>-2.6%</b>
Income tax paid	(49)	(4)	NMF	(226)	(62)	NMF
<b>Net cash flows from operating activities from continuing operations</b>	<b>25,234</b>	<b>8,387</b>	<b>NMF</b>	<b>80,379</b>	<b>82,725</b>	<b>-2.8%</b>
Net cash flows from operating activities from discontinued operations	-	-	NMF	-	4,988	NMF
<b>Net cash flows from operating activities</b>	<b>25,234</b>	<b>8,387</b>	<b>NMF</b>	<b>80,379</b>	<b>87,713</b>	<b>-8.4%</b>
<b>Net cash flows from operating activities from continuing operations (excluding IFRS 16)</b>	<b>24,726</b>	<b>7,933</b>	<b>NMF</b>	<b>78,379</b>	<b>80,955</b>	<b>-3.2%</b>
Net cash flows from operating activities from discontinued operations (Excluding IFRS 16)	-	-	NMF	-	4,988	NMF
<b>Net cash flows from operating activities (Excluding IFRS 16)</b>	<b>24,726</b>	<b>7,933</b>	<b>NMF</b>	<b>78,379</b>	<b>85,943</b>	<b>-8.8%</b>
Cash outflow on Capex	(10,188)	(8,262)	23.3%	(33,394)	(24,620)	35.6%
Acquisition of subsidiaries/payments of holdback	-	-	NMF	(12,060)	(5,925)	NMF
Interest income received	1,574	564	NMF	3,701	1,174	NMF
Proceeds from sale of associate/subsidiary	3,406	-	NMF	3,406	32,818	-89.6%
Dividends and intersegment loans issued/received	7,973	6,726	18.5%	32,513	13,309	NMF
<b>Net cash flows from investing activities from continuing operations</b>	<b>2,765</b>	<b>(972)</b>	<b>NMF</b>	<b>(5,834)</b>	<b>16,756</b>	<b>NMF</b>
Net cash flows from investing activities from discontinued operations	-	-	NMF	-	(1,415)	NMF
<b>Net cash flows from investing activities</b>	<b>2,765</b>	<b>(972)</b>	<b>NMF</b>	<b>(5,834)</b>	<b>15,341</b>	<b>NMF</b>
Delisting fees paid	-	-	NMF	-	(6,539)	NMF
Dividends paid	(158)	-	NMF	(25,528)	-	NMF
Purchase of treasury shares	-	(55)	NMF	(6,036)	(3,330)	81.3%
Payment of finance lease liabilities	(344)	(274)	25.5%	(1,319)	(1,064)	24.0%
Interest expense paid on finance lease	(164)	(180)	-8.9%	(681)	(706)	-3.5%
Increase/(decrease) in borrowings	(18,153)	(7,859)	NMF	(44,809)	31,293	NMF
Interest expense paid	(8,133)	(4,229)	92.3%	(35,621)	(36,593)	-2.7%
<b>Net cash flows from financing activities from continuing operations</b>	<b>(26,952)</b>	<b>(12,597)</b>	<b>NMF</b>	<b>(113,994)</b>	<b>(16,939)</b>	<b>NMF</b>
Net cash flows from financing activities from discontinued operations	-	-	NMF	-	(1,414)	NMF
<b>Net cash flows from financing activities</b>	<b>(26,952)</b>	<b>(12,597)</b>	<b>NMF</b>	<b>(113,994)</b>	<b>(18,353)</b>	<b>NMF</b>
<b>Net cash flows from financing activities from continuing operations (excluding IFRS16)</b>	<b>(26,444)</b>	<b>(12,143)</b>	<b>NMF</b>	<b>(111,994)</b>	<b>(15,169)</b>	<b>NMF</b>
Net cash flows from financing activities from discontinued operations (Excluding IFRS16)	-	-	NMF	-	(1,414)	NMF
<b>Net cash flows from financing activities (Excluding IFRS16)</b>	<b>(26,444)</b>	<b>(12,143)</b>	<b>NMF</b>	<b>(111,994)</b>	<b>(16,583)</b>	<b>NMF</b>
Effect of exchange rates changes on cash and cash equivalents	(95)	(2)	NMF	(1,849)	1,372	NMF
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>952</b>	<b>(5,184)</b>	<b>NMF</b>	<b>(41,298)</b>	<b>86,073</b>	<b>NMF</b>
<b>Cash and cash equivalents, beginning from continuing operations</b>	<b>51,471</b>	<b>98,905</b>	<b>-48.0%</b>	<b>93,721</b>	<b>5,789</b>	<b>NMF</b>
<b>Cash and cash equivalents, beginning from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>NMF</b>	<b>-</b>	<b>1,859</b>	<b>NMF</b>
<b>Cash and cash equivalents, ending from continuing operations</b>	<b>52,423</b>	<b>93,721</b>	<b>-44.1%</b>	<b>52,423</b>	<b>93,721</b>	<b>-44.1%</b>

BALANCE SHEET					
<i>GEL thousands, unless otherwise noted</i>	Dec-21	Sep-21	Change	Dec-20	Change
<b>Total assets, of which:</b>	<b>847,671</b>	<b>907,286</b>	<b>-6.6%</b>	<b>899,391</b>	<b>-5.8%</b>
Cash and bank deposits	52,423	51,471	1.8%	93,721	-44.1%
Receivables from healthcare services	107,349	122,019	-12.0%	98,693	8.8%
Property and equipment	518,235	518,131	0.0%	515,114	0.6%
Right of use assets	7,892	8,487	-7.0%	8,856	-10.9%
Goodwill and other intangible assets	100,764	98,495	2.3%	100,369	0.4%
Inventory	28,970	26,888	7.7%	22,270	30.1%
Prepayments	7,490	10,296	-27.3%	8,958	-16.4%
Other assets	24,548	71,499	-65.7%	51,410	-52.3%
<i>Of which, securities and intercompany loans</i>	<i>4,241</i>	<i>4,128</i>	<i>2.7%</i>	<i>7,133</i>	<i>-40.5%</i>
<b>Total liabilities, of which:</b>	<b>483,348</b>	<b>503,077</b>	<b>-3.9%</b>	<b>510,079</b>	<b>-5.2%</b>
Borrowed Funds	263,161	280,052	-6.0%	312,036	-15.7%
Accounts payable	40,595	54,737	-25.8%	50,876	-20.2%
Other liabilities	179,592	168,288	6.7%	147,167	22.0%
<b>Total shareholders' equity attributable to:</b>	<b>364,323</b>	<b>404,209</b>	<b>-9.9%</b>	<b>389,312</b>	<b>-6.4%</b>
Shareholders of the Company	333,607	374,836	-11.0%	361,916	-7.8%
Non-controlling interest	30,716	29,373	4.6%	27,396	12.1%

## SELECTED FINANCIAL INFORMATION – Pharmacy and Distribution

<b>INCOME STATEMENT</b>						
<i>GEL thousands, unless otherwise noted</i>	4Q21	4Q20	Change	FY21	FY20	Change
<b>Revenue</b>	<b>216,275</b>	<b>201,004</b>	<b>7.6%</b>	<b>782,409</b>	<b>679,437</b>	<b>15.2%</b>
<b>Costs of services</b>	<b>(156,414)</b>	<b>(152,263)</b>	<b>2.7%</b>	<b>(579,341)</b>	<b>(507,125)</b>	<b>14.2%</b>
Cost of pharma – wholesale	(37,435)	(49,600)	-24.5%	(162,322)	(155,144)	4.6%
Cost of pharma - retail	(118,979)	(102,663)	15.9%	(417,019)	(351,981)	18.5%
<b>Gross profit</b>	<b>59,861</b>	<b>48,741</b>	<b>22.8%</b>	<b>203,068</b>	<b>172,312</b>	<b>17.8%</b>
<b>Gross profit margin</b>	<b>27.7%</b>	<b>24.2%</b>	<b>+3.5 pts</b>	<b>26.0%</b>	<b>25.4%</b>	<b>+0.6 pts</b>
Salaries and other employee benefits	(19,660)	(14,508)	35.5%	(63,158)	(53,668)	17.7%
General and administrative expenses	(10,348)	(7,671)	34.9%	(36,986)	(25,830)	43.2%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(17,594)</i>	<i>(13,719)</i>	<i>28.2%</i>	<i>(63,740)</i>	<i>(47,805)</i>	<i>33.3%</i>
Impairment of receivables	(17)	(1)	NMF	(55)	(344)	-84.0%
Other operating income	(127)	(186)	-31.7%	79	(108)	NMF
<b>EBITDA</b>	<b>29,709</b>	<b>26,375</b>	<b>12.6%</b>	<b>102,948</b>	<b>92,362</b>	<b>11.5%</b>
<b>EBITDA excluding IFRS 16</b>	<b>22,463</b>	<b>20,327</b>	<b>10.5%</b>	<b>76,194</b>	<b>70,387</b>	<b>8.3%</b>
<b>EBITDA margin excluding IFRS 16</b>	<b>10.4%</b>	<b>10.1%</b>	<b>+0.3 pts</b>	<b>9.7%</b>	<b>10.4%</b>	<b>-0.7 pts</b>
Depreciation and amortization	(8,131)	(5,603)	45.1%	(26,908)	(21,145)	27.3%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(1,484)</i>	<i>(1,074)</i>	<i>38.2%</i>	<i>(5,241)</i>	<i>(3,962)</i>	<i>32.3%</i>
Net interest income (expense)	(3,348)	(3,913)	-14.4%	(14,868)	(16,213)	-8.3%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(1,604)</i>	<i>(2,434)</i>	<i>-34.1%</i>	<i>(8,279)</i>	<i>(10,633)</i>	<i>-22.1%</i>
Net gains/(losses) from foreign currencies	2,074	(3,279)	NMF	12,047	(21,074)	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>1,374</i>	<i>(3,544)</i>	<i>NMF</i>	<i>7,543</i>	<i>(13,219)</i>	<i>NMF</i>
Net non-recurring income/(expense)	(8)	(1,193)	-99.3%	(411)	(8,354)	-95.1%
<b>Profit before income tax expense</b>	<b>20,296</b>	<b>12,387</b>	<b>63.8%</b>	<b>72,808</b>	<b>25,576</b>	<b>NMF</b>
Income tax benefit/(expense)	(149)	-	NMF	(1,936)	(1,688)	14.7%
<b>Profit for the period</b>	<b>20,147</b>	<b>12,387</b>	<b>62.6%</b>	<b>70,872</b>	<b>23,888</b>	<b>NMF</b>
<b>Attributable to:</b>						
- shareholders of the Company	12,262	7,571	62.0%	45,128	10,768	NMF
- non-controlling interests	7,885	4,816	63.7%	25,744	13,120	96.2%
<b>Profit for the period excluding IFRS 16</b>	<b>20,592</b>	<b>12,082</b>	<b>70.4%</b>	<b>67,870</b>	<b>32,531</b>	<b>108.6%</b>
<b>Attributable to:</b>						
- shareholders of the Company	12,560	7,367	70.5%	43,117	16,559	NMF
- non-controlling interests	8,032	4,715	70.3%	24,753	15,972	55.0%

<b>STATEMENT OF CASH FLOW</b>						
<i>GEL thousands, unless otherwise noted</i>	4Q21	4Q20	Change	FY21	FY20	Change
<b>Cash flows from operating activities</b>						
Revenue received	220,182	184,073	19.6%	768,128	651,075	18.0%
Cost of services paid	(145,881)	(136,965)	6.5%	(568,385)	(488,900)	16.3%
<b>Gross profit received</b>	<b>74,301</b>	<b>47,108</b>	<b>57.7%</b>	<b>199,743</b>	<b>162,175</b>	<b>23.2%</b>
Salaries paid	(17,876)	(15,077)	18.6%	(58,353)	(50,613)	15.3%
General and administrative expenses paid	(9,054)	(8,406)	7.7%	(34,914)	(24,229)	44.1%
<i>General and administrative expenses paid, excluding IFRS 16</i>	<i>(16,300)</i>	<i>(14,454)</i>	<i>12.8%</i>	<i>(61,668)</i>	<i>(46,204)</i>	<i>33.5%</i>
Other operating income/(expense) and tax paid	488	403	21.1%	1,306	1,533	-14.8%
<b>Net cash flows from operating activities before income tax</b>	<b>47,859</b>	<b>24,028</b>	<b>99.2%</b>	<b>107,782</b>	<b>88,866</b>	<b>21.3%</b>
Income tax paid	(330)	(345)	-4.3%	(1,012)	(817)	23.9%
<b>Net cash flows from operating activities</b>	<b>47,529</b>	<b>23,683</b>	<b>100.7%</b>	<b>106,770</b>	<b>88,049</b>	<b>21.3%</b>
<b>Net cash flows from operating activities, excluding IFRS 16</b>	<b>40,283</b>	<b>17,635</b>	<b>128.4%</b>	<b>80,016</b>	<b>66,074</b>	<b>21.1%</b>
<b>Cash flows from investing activities</b>						
Cash outflow on Capex	(3,602)	(1,486)	NMF	(14,268)	(5,315)	NMF
Acquisition of subsidiaries/payments of holdback	(2,278)	-	NMF	(2,278)	-	NMF
Interest income received	747	408	83.1%	2,465	2,250	9.6%
Intersegment loans issued proceeds from other investing activities	(3,246)	141	NMF	(7,660)	1,102	NMF
<b>Net cash flow from investing activities</b>	<b>(8,379)</b>	<b>(937)</b>	<b>NMF</b>	<b>(21,741)</b>	<b>(1,963)</b>	<b>NMF</b>
<b>Cash flows from financing activities</b>						
Payment of dividends	(12,051)	(8,919)	35.1%	(38,505)	(34,845)	10.5%
Purchase of treasury shares	-	-	NMF	-	(1,179)	NMF
Payment of finance lease liabilities	(5,502)	(4,569)	20.4%	(20,165)	(16,395)	23.0%
Interest expense paid on finance lease	(1,744)	(1,479)	17.9%	(6,589)	(5,580)	18.1%
Increase/(decrease) in borrowings	(663)	(5,867)	-88.7%	2,184	2,618	-16.6%
Interest expense paid	(859)	(783)	9.7%	(2,922)	(3,684)	-20.7%
<b>Net cash flows from financing activities</b>	<b>(20,819)</b>	<b>(21,617)</b>	<b>-3.7%</b>	<b>(65,997)</b>	<b>(59,065)</b>	<b>11.7%</b>
<b>Net cash flows from financing activities, excluding IFRS 16</b>	<b>(13,573)</b>	<b>(15,569)</b>	<b>-12.8%</b>	<b>(39,243)</b>	<b>(37,090)</b>	<b>5.8%</b>
Effect of exchange rates changes on cash and cash equivalents	(245)	(191)	28.3%	(1,272)	2,061	NMF
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,086</b>	<b>938</b>	<b>NMF</b>	<b>17,760</b>	<b>29,082</b>	<b>-38.9%</b>
<b>Cash and bank deposits, beginning</b>	<b>36,530</b>	<b>35,918</b>	<b>1.7%</b>	<b>36,856</b>	<b>7,774</b>	<b>NMF</b>
<b>Cash and bank deposits, ending</b>	<b>54,616</b>	<b>36,856</b>	<b>48.2%</b>	<b>54,616</b>	<b>36,856</b>	<b>48.2%</b>

**SELECTED FINANCIAL INFORMATION – Pharmacy and Distribution, *continued***

<b>BALANCE SHEET</b>					
<i>GEL thousands, unless otherwise noted</i>	<b>Dec-21</b>	<b>Sep-21</b>	<b>Change</b>	<b>Dec-20</b>	<b>Change</b>
Cash and bank deposits	54,616	36,530	49.5%	36,856	48.2%
Securities and loans issued	20,922	17,304	20.9%	12,471	67.8%
Receivables from sale of pharmaceuticals	59,113	67,905	-12.9%	57,948	2.0%
Property and equipment	44,020	41,579	5.9%	35,384	24.4%
Right of use assets	92,653	87,153	6.3%	71,888	28.9%
Goodwill and other intangible assets	54,453	52,611	3.5%	52,964	2.8%
Inventory	191,371	181,093	5.7%	179,652	6.5%
Prepayments	5,186	5,244	-1.1%	4,300	20.6%
Other assets	480	299	60.5%	13,181	-96.4%
<b>Total assets</b>	<b>522,814</b>	<b>489,718</b>	<b>6.8%</b>	<b>464,644</b>	<b>12.5%</b>
Borrowed Funds	89,844	90,816	-1.1%	88,608	1.4%
Lease liabilities	104,613	98,374	6.3%	85,919	21.8%
Accounts payable	166,562	150,915	10.4%	159,121	4.7%
Other liabilities	14,726	23,043	-36.1%	27,400	-46.3%
<b>Total liabilities</b>	<b>375,745</b>	<b>363,148</b>	<b>3.5%</b>	<b>361,048</b>	<b>4.1%</b>
<b>Total shareholders' equity</b>	<b>147,069</b>	<b>126,570</b>	<b>16.2%</b>	<b>103,596</b>	<b>42.0%</b>

## SELECTED FINANCIAL INFORMATION – Medical Insurance

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>	4Q21	4Q20	Change	FY21	FY20	Change
Gross premiums written	12,228	13,774	-11.2%	71,161	68,554	3.8%
Earned premiums, gross	18,507	18,054	2.5%	72,840	69,685	4.5%
<b>Earned premiums, net</b>	<b>18,297</b>	<b>18,021</b>	<b>1.5%</b>	<b>72,381</b>	<b>69,486</b>	<b>4.2%</b>
Insurance claims expenses, gross	(14,954)	(12,772)	17.1%	(57,471)	(50,815)	13.1%
<b>Insurance claims expenses, net</b>	<b>(14,832)</b>	<b>(12,706)</b>	<b>16.7%</b>	<b>(57,409)</b>	<b>(50,747)</b>	<b>13.1%</b>
<b>Acquisition costs, net</b>	<b>(993)</b>	<b>(779)</b>	<b>27.5%</b>	<b>(3,415)</b>	<b>(2,613)</b>	<b>30.7%</b>
<b>Net underwriting profit</b>	<b>2,472</b>	<b>4,536</b>	<b>-45.5%</b>	<b>11,557</b>	<b>16,126</b>	<b>-28.3%</b>
Investment income	782	751	4.1%	2,930	2,705	8.3%
Net fee and commission income	21	(28)	NMF	24	(15)	NMF
<b>Net investment profit</b>	<b>803</b>	<b>723</b>	<b>11.1%</b>	<b>2,954</b>	<b>2,690</b>	<b>9.8%</b>
Salaries and employee benefits	(1,508)	(1,198)	25.9%	(5,769)	(5,450)	5.9%
Selling, general and administrative expenses	(483)	(399)	21.1%	(1,645)	(1,566)	5.0%
Depreciation & Amortisation	(377)	(337)	11.9%	(1,486)	(1,222)	21.6%
Impairment charges	(135)	(545)	-75.2%	(703)	(2,049)	-65.7%
Net other operating income	(31)	6	NMF	(88)	674	NMF
<b>Operating profit</b>	<b>741</b>	<b>2,786</b>	<b>-73.4%</b>	<b>4,820</b>	<b>9,203</b>	<b>-47.6%</b>
Foreign exchange (loss)/gain	177	136	30.1%	553	245	NMF
Interest expense	(151)	(195)	-22.6%	(585)	(909)	-35.6%
Non-recurring expenses	(28)	-	NMF	(165)	(778)	-78.8%
<b>Pre-tax profit</b>	<b>739</b>	<b>2,727</b>	<b>-72.9%</b>	<b>4,623</b>	<b>7,761</b>	<b>-40.4%</b>
Income tax expense	(146)	(418)	-65.1%	(850)	(1,337)	-36.4%
<b>Net profit</b>	<b>593</b>	<b>2,309</b>	<b>-74.3%</b>	<b>3,773</b>	<b>6,424</b>	<b>-41.3%</b>

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>	4Q21	4Q20	Change	FY21	FY20	Change
Insurance premium received	19,410	19,636	-1.2%	69,813	71,310	-2.1%
Reinsurance premium paid	(8)	(95)	-91.6%	(168)	(722)	-76.7%
Insurance benefits and claims paid	(15,190)	(12,061)	25.9%	(55,120)	(45,833)	20.3%
Acquisition costs paid	(335)	(492)	-31.9%	(1,800)	(1,837)	-2.0%
Salaries and benefits paid	(1,099)	(2,217)	-50.4%	(5,902)	(8,797)	-32.9%
Interest received	746	1,047	-28.7%	2,616	3,023	-13.5%
Net other operating expenses paid	(661)	(682)	-3.1%	(2,500)	(2,468)	1.3%
Income tax paid	(360)	(200)	80.0%	(1,883)	(1,630)	15.5%
<b>Net cash flows from operating activities</b>	<b>2,503</b>	<b>4,936</b>	<b>-49.3%</b>	<b>5,056</b>	<b>13,046</b>	<b>-61.2%</b>
Cash outflows on capex	(179)	(198)	-9.6%	(387)	(408)	-5.1%
Other investing activities	(947)	(575)	64.7%	978	2,107	-53.6%
<b>Net cash flows from investing activities</b>	<b>(1,126)</b>	<b>(773)</b>	<b>45.7%</b>	<b>591</b>	<b>1,699</b>	<b>-65.2%</b>
Dividend Paid	(1,050)	(1,050)	NMF	(4,197)	(2,625)	59.9%
Purchase of treasury shares	-	-	NMF	-	(316)	NMF
Increase/(decrease) in borrowings	(80)	(2,000)	-96.0%	(780)	(2,400)	-67.5%
Interest Paid	(488)	(432)	13.0%	(588)	(840)	-30.0%
Cash paid for lease liabilities	(169)	(181)	-6.6%	(703)	(516)	36.2%
<b>Net cash flows from financing activities</b>	<b>(1,787)</b>	<b>(3,663)</b>	<b>-51.2%</b>	<b>(6,268)</b>	<b>(6,697)</b>	<b>-6.4%</b>
Effect of exchange rates changes on cash and cash equivalents	(73)	4	NMF	(581)	470	NMF
<b>Total cash inflow/(outflow)</b>	<b>(483)</b>	<b>504</b>	<b>NMF</b>	<b>(1,201)</b>	<b>8,518</b>	<b>NMF</b>
<b>Cash and cash equivalents, beginning</b>	<b>24,383</b>	<b>24,597</b>	<b>-0.9%</b>	<b>25,101</b>	<b>16,583</b>	<b>51.4%</b>
<b>Cash and cash equivalents, ending</b>	<b>23,900</b>	<b>25,101</b>	<b>-4.8%</b>	<b>23,900</b>	<b>25,101</b>	<b>-4.8%</b>

BALANCE SHEET					
<i>GEL thousands, unless otherwise noted</i>	Dec-21	Sep-21	Change	Dec-20	Change
<b>Total assets, of which:</b>	<b>78,822</b>	<b>85,514</b>	<b>-7.8%</b>	<b>81,408</b>	<b>-3.2%</b>
Cash and bank deposits	23,900	24,383	-2.0%	25,101	-4.8%
Insurance premiums receivable	24,585	32,272	-23.8%	25,393	-3.2%
Property and equipment	13,050	13,080	-0.2%	13,138	-0.7%
Right of use assets	587	424	38.4%	853	-31.2%
Goodwill and other intangible assets	5,377	5,404	-0.5%	5,518	-2.6%
Inventory	392	343	14.3%	297	32.0%
Prepayments	1,585	1,441	10.0%	1,339	18.4%
Other assets of which:	9,346	8,167	14.4%	9,769	-4.3%
securities and intercompany loans	8,133	7,149	13.8%	8,689	-6.4%
<b>Total liabilities, of which:</b>	<b>46,592</b>	<b>53,736</b>	<b>-13.3%</b>	<b>49,344</b>	<b>-5.6%</b>
Borrowed Funds	4,469	4,895	-8.7%	5,299	-15.7%
Accounts payable	289	287	0.7%	312	-7.4%
Insurance contract liabilities	31,725	36,390	-12.8%	30,022	5.7%
Other liabilities	10,109	12,164	-16.9%	13,711	-26.3%
<b>Total shareholders' equity</b>	<b>32,230</b>	<b>31,778</b>	<b>1.4%</b>	<b>32,064</b>	<b>0.5%</b>

## Selected ratios and KPIs

Selected ratios and KPIs	4Q21	4Q20	Change	FY21	FY20	Change
<b>GHG, consolidated</b>						
ROIC (%)	16.5%	17.1%	-0.6%	16.2%	13.1%	3.1ppts
Group rent expenditure	8,501	7,475	13.7%	32,926	26,659	23.5%
<i>of which, pharmacy and distribution business</i>	7,929	5,587	41.9%	30,340	24,771	22.5%
Group capex (maintenance)	4,656	3,107	49.9%	16,061	9,978	61.0%
Group capex (development)	9,313	6,839	36.2%	31,988	20,366	57.1%
Number of employees	15,767	15,158		15,767	15,158	
Number of physicians	3,314	3,295		3,314	3,295	
Number of nurses	3,227	3,130		3,227	3,130	
Nurse to doctor ratio, referral hospitals	0.97	0.95		0.97	0.95	
Number of pharmacists	2,965	2,887		2,965	2,887	
<b>Hospitals</b>						
EBITDA margin <i>excluding IFRS 16</i>	19.8%	24.8%	-5.0%	23.0%	21.8%	1.2ppts
Direct salary rate (direct salary as % of revenue)	34.0%	32.9%	1.1%	31.8%	34.9%	-3.1ppts
Materials rate (direct materials as % of revenue)	21.9%	24.9%	-3.0%	21.1%	19.7%	1.4ppts
Administrative salary rate (administrative salaries as % of revenue)	9.8%	11.6%	-1.8%	11.0%	12.8%	-1.8ppts
SG&A rate (SG&A expenses as % of revenue)	4.6%	4.6%	0.0%	3.9%	4.9%	-1.0ppts
Number of hospitals	17	17		17	17	
Number of referral hospital beds	2,596	2,596		2,596	2,596	
Hospitals bed occupancy rate	69.6%	60.1%	9.5%	65.3%	53.1%	12.2ppts
Hospitals bed occupancy rate, excluding TRH <sup>14</sup> and CMC <sup>15</sup>						
Hospital beds	71.9%	59.3%	12.6%	67.4%	54.4%	13.0ppts
CMC bed occupancy rate	62.1%	51.2%	10.9%	54.4%	41.5%	12.9ppts
TRH bed occupancy rate	61.7%	72.8%	-11.1%	61.2%	57.4%	3.8ppts
Average length of stay (days)	5.7	6.4	-10.2%	5.7	5.6	0.1%
Average revenue per hospital bed	133.8	101.9	31.3%	124.2	89.5	38.8%
<b>Clinics</b>						
EBITDA margin <i>excluding IFRS 16</i>	17.7%	22.5%	-4%	19.9%	20.1%	-0.2ppts
EBITDA margin of polyclinics <i>excluding IFRS 16</i>	18.0%	25.8%	-7.8%	20.7%	21.0%	-0.3ppts
Direct salary rate (direct salary as % of revenue)	31.5%	28.7%	2.8%	29.9%	31.7%	-1.8ppts
Materials rate (direct materials as % of revenue)	12.2%	8.8%	3.4%	10.6%	7.1%	3.5
Number of community clinics	19	19		19	19	
Number of community clinics beds	353	353		353	353	
Number of polyclinics	15	15		15	15	
<b>Pharmacy and distribution</b>						
EBITDA margin <i>excluding IFRS 16 impact</i>	10.4%	10.1%	0.3%	9.7%	10.4%	-0.7ppts
Number of bills issued (millions)	7.95	7.19	10.6%	29.03	27.56	5.3%
Average bill size	19.9	18.6	7.0%	18.9	16.8	12.5%
Revenue from wholesale as a percentage of total revenue from pharma	22.4%	29.2%	-6.8%	25.4%	27.2%	-1.8ppts
Revenue from retail as a percentage of total revenue from pharma	77.6%	70.8%	6.8%	74.6%	72.8%	1.8ppts
Revenue from para-pharmacy as a percentage of retail revenue from pharma	36.4%	34.6%	1.8%	35.3%	34.7%	0.6ppts
Number of pharmacies	344	309	11.3%	344	309	11.3%
<b>Medical insurance</b>						
Loss ratio	81.1%	70.5%	10.6%	79.3%	73.0%	6.3ppts
Expense ratio <i>excluding IFRS 16, of which</i>	19.2%	18.2%	1.0%	18.1%	17.6%	0.5ppts
<i>Commission ratio</i>	5.4%	4.3%	1.1%	4.7%	3.8%	0.9ppts
Combined ratio <i>excluding IFRS 16</i>	100.3%	88.7%	11.6%	97.4%	90.6%	6.8ppts
Renewal rate	77.1%	76.5%	0.6%	78.0%	73.4%	4.6ppts
<b>Diagnostics</b>						
EBITDA margin <i>excluding IFRS 16 impact</i>	17.8%	15.4%	2.4%	23.8%	12.3%	11.5%
Number of patients served ('000)	356	204	74.5%	1,201	611	96.6%
Number of tests performed ('000)	723	450	60.7%	2,567	1,424	80.3%
Average revenue per test GEL	11.7	17.3	-32.4%	11.9	10.2	16.7%
Average number of tests per patient	2.0	2.2	-9.1%	2.1	2.3	-8.7%

<sup>14</sup> Tbilisi Referral Hospital<sup>15</sup> Caucasus Medical Center