



**GEORGIA
HEALTHCARE
GROUP**

4th quarter and full year 2020 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 | 4Q20 & FY20 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 JSC Georgia Healthcare Group 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; compliance risk; recruitment and retention of skilled medical practitioners risk: clinical risk; concentration of revenue and the Universal Healthcare Programme; currency and macroeconomic; information technology and operational risk; regional tensions and political 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. 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 fourth quarter and full year 2020 consolidated financial results. Unless otherwise mentioned, comparatives are for the fourth quarter of 2019. 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 is the largest healthcare market participant in Georgia, accounting for 20% of the country's total hospital bed capacity as of 31-Dec-20. 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". As of 31-Dec-20, the healthcare services business is 100% owned by GHG.

4Q20 & FY20 performance (GEL '000), Healthcare Services^{1,2}

2020 numbers are unaudited

INCOME STATEMENT HIGHLIGHTS	4Q20	4Q19	Change	FY20	FY19	Change
Revenue, net ³	84,497	74,596	13.3%	283,447	290,758	-2.5%
Gross Profit	31,245	32,258	-3.1%	111,919	125,751	-11.0%
Gross profit margin	36.8%	43.1%	-6.3ppts	39.2%	42.9%	-3.7ppts
Operating expenses (ex. IFRS 16)	(10,565)	(11,232)	-5.9%	(50,093)	(51,040)	-1.9%
EBITDA (ex. IFRS 16)	20,680	21,026	-1.6%	61,826	74,711	-17.2%
EBITDA margin (ex. IFRS 16)	24.3%	28.1%	-3.7ppts	21.6%	25.5%	-3.9ppts
Adjusted ⁴ net profit ex. IFRS 16	7,870	6,128	28.4%	4,877	17,627	-72.3%
CASH FLOW HIGHLIGHTS						
Cash flow from operating activities (ex. IFRS 16)	7,933	30,891	-74.3%	80,956	59,645	35.7%
EBITDA to cash conversion (ex. IFRS 16)	38.4%	146.9%	-108.5ppts	130.9%	79.8%	51.1ppts
Cash flow from/used in investing activities ⁵	(972)	(619)	57.1%	16,755	(14,062)	NMF
Free cash flow (ex. IFRS 16) ⁶	(29)	23,991	NMF	83,528	23,295	258.6%
Cash flow from financing activities (ex. IFRS 16)	(12,143)	(25,631)	-52.6%	(15,169)	(54,095)	-72.0%
BALANCE SHEET HIGHLIGHTS						
Total assets	899,391	885,943	1.5%	953,874	953,874	-5.7%
Of which, cash balance and bank deposits	93,721	98,905	-5.2%	7,648	7,648	NMF
Of which, securities and loans issued	7,133	4,573	56.0%	-	-	NMF
Total liabilities	510,079	491,708	3.7%	472,675	472,675	7.9%
Of which, borrowings	312,036	313,853	-0.6%	291,239	291,239	7.1%
Total equity	389,312	394,235	-1.2%	481,199	481,199	-19.1%

KEY POINTS / VALUATION DRIVERS

- Revenue demonstrating strong growth trajectory in 4Q20, up 13.3% y-o-y (down slightly in FY20 by 2.5% y-o-y)
- 4Q20 EBITDA remained largely flat y-o-y at GEL 20.7 million (GEL 61.8 million in FY20, down 17.2% y-o-y)
- Free cash flow (excl. IFRS 16) at GEL 83.5 million in FY20, up 258.6% y-o-y
- Net debt⁷ down 25.5% y-o-y to GEL 211.2 million as of 31-Dec-20 (up 0.4% q-o-q reflecting FX impact)

INCOME STATEMENT HIGHLIGHTS

Following the lifting of COVID-19 related lockdown restrictions in June, which affected hospitals and clinics segments, the healthcare business revenue started to rebound and the trend continued throughout the second half of 2020. Since September 2020, due to the increased spread of the COVID-19 virus, the business has mobilised ten healthcare facilities, four clinics and six hospitals to receive COVID patients only, and ten healthcare facilities as hybrid ones, focused on both COVID and non-COVID patients, with total aggregate number of c. 1,300 beds across the country. The Government of Georgia fully reimburses costs associated with COVID-19 treatments, and also pays a fixed fee amount per each occupied bed for COVID patient.

- The number of admissions was up by 9.3% at clinics in 4Q20 y-o-y, translating into 4Q20 net revenue of GEL 13.5 million, up 14.0% y-o-y.
- Similarly, the occupancy rate was up by 3.6 ppts in 4Q20 y-o-y in hospitals. Despite the fact that since the October Ministry of Health and Social Affairs temporarily suspended the issuance of guarantee letters for elective care treatments, the increased occupancy rate translated into a 4.6% y-o-y net revenue growth to GEL 65.7 million in 4Q20.
- The diagnostics segment, which apart from regular diagnostics services is also engaged in COVID-19 testing, more than quadrupled its quarterly revenue in 4Q20 y-o-y to GEL 7.8 million.

The developments described above translated into 13.3% y-o-y growth in 4Q20 net revenue from healthcare services. FY20 healthcare services net revenue was slightly down (2.5% y-o-y), reflecting a reduction in patient footfall at healthcare facilities mainly during the COVID-19 lockdown in 2Q20.

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

² All numbers in income statement and cash flow statement are adjusted to exclude HTMC hospital, sold in August 2020, discussed below in more detail.

³ Net revenue – Gross revenue excluding corrections and rebates. Margins are calculated from Gross revenue.

⁴ Adjusted for non-recurring items, FX loss and loss from discontinued operations due to HTMC hospital disposal.

⁵ Of which capex of GEL 8.3 million in 4Q20 (GEL 6.9 million in 4Q19) and GEL 24.6 million in FY20 (GEL 30.2 million in FY19). Cash flow from investing activities also includes intersegment dividends and loans issued/received across GHG businesses: Healthcare Services, Retail (pharmacy) and Medical Insurance.

⁶ Operating cash flows less capex and payment of holdback on acquisition of subsidiaries, but inclusive of GEL 32.8m net inflow from disposal of 40% equity stake in HTMC and also proceeds from sale of property and equipment.

⁷ Net debt is calculated from cash balance and bank deposits, securities and loans issued minus gross debt.

The cost of services in the business are captured in the materials and direct salary rates. In 4Q20 and FY20, direct salary rate remained well-controlled at hospitals (down 2.8 ppts and 0.6 ppts y-o-y) and clinics (down 4.8 ppts and 3.0 ppts y-o-y). The direct salary rate partially benefited from 6-months state income tax subsidy for low salary range employees (salary up to GEL 750), declared in May. The materials rate increased in 2020 (up 8.4 ppts and 4.1 ppts at hospitals and up 2.9 ppts and 1.1 ppts at clinics in 4Q20 and FY20, respectively), reflecting local currency exchange rate depreciation as well as increased consumption of medical disposables and personal protective equipment at healthcare facilities due to COVID-19. As a result, the healthcare services gross margin was subdued by 6.3 ppts for 4Q20 and 3.7 ppts for FY20, y-o-y. Due to the cost optimization measures, the business posted positive 2.8 ppts operating leverage in 4Q20, translating into a GEL 20.7 million EBITDA earnings excluding IFRS 16 (down 1.6% y-o-y). In 4Q20, EBITDA margin (excl. IFRS 16) was 24.8% at hospitals and 22.5% at clinics, both subdued mainly due to the increased direct cost of materials explained above. Overall, in FY20, the business posted GEL 61.8 million EBITDA (excl. IFRS 16), down 17.2% y-o-y.

Strong liquidity management measures resulted in a 25.5% y-o-y decline in the net debt position to GEL 211.2 million as of 31-Dec-20, which reduced interest expense (excl. IFRS 16) y-o-y by 34.4% in 4Q20 to GEL 5.1 million and by 8.5% for FY20 to GEL 27.4 million. The GEL depreciation during 2020 led to a foreign currency loss (GEL 2.0 million in 4Q20 and GEL 5.1 million in FY20 excl. IFRS 16) on the relatively small portion of the business's borrowings denominated in foreign currency. The business had non-recurring expenses of GEL 11.0 million in FY20, mainly related to one-off costs associated with de-listing of GHG from London Stock Exchange, of which, GEL 4.6 million relates to acceleration of share-based expenses for employees and GEL 4.1 million to legal and other fees. The business posted net profit from continuing operations of GEL 3.7 million in 4Q20 and net loss of GEL 11.2 million in FY20 excluding IFRS 16, which adjusted for FX loss and non-recurring expenses resulted in net profit of GEL 7.9 million for 4Q20 (up 28.4% y-o-y) and GEL 4.9 million for FY20 (down 72.3% y-o-y). In FY20, a loss from discontinued operations of GEL 26.1 million was recorded, resulting from the disposal of a 40% equity stake in HTMC.

CASH FLOW HIGHLIGHTS

In line with management's expectations, 4Q20 was a weak quarter in terms of operating cash flow generation. It was both the collection quarter for the lower revenues generated during the 2Q20 lockdown period, as well as the payment quarter for GEL 5.0 million of 6-months of accumulated income tax deferred pursuant to a state initiative declared in May. Overall, cash collection from the Government and strong liquidity management practices led to an increase in cash flow generation in 2020, with 130.9% cash conversion ratio, up 51.1 ppts y-o-y, excluding IFRS 16. Strong operating cash flow excl. IFRS 16 (up 35.7% y-o-y to GEL 81.0 million in FY20), reduced capex investments (down 18.6% y-o-y from GEL 30.2 million in FY19) and GEL 32.8 million net proceeds received from selling the HTMC hospital, resulted in GEL 93.7 million ending cash and cash equivalent balance as of 31 December 2020 (up from GEL 7.6 million at 31-Dec-19). At the same time, free cash flow, excluding IFRS 16, increased significantly to GEL 83.5 million in FY20 (up from GEL 23.3 million y-o-y).

Discussion of Retail (pharmacy) Business Results

Retail (pharmacy) business, owned through GHG, is the largest pharmaceuticals retailer and wholesaler in Georgia, with a c.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 pharmacy chain has a total of 313 pharmacies, of which, 309 are in Georgia and 4 are in Armenia. GHG owns 67% in the retail (pharmacy) business as of 31-Dec-20.

4Q20 & FY20 performance (GEL '000), Retail (pharmacy)⁸

2020 numbers are unaudited

INCOME STATEMENT HIGHLIGHTS

	4Q20	4Q19	Change	FY20	FY19	Change
Revenue, net	201,004	172,682	16.4%	679,437	614,675	10.5%
Gross Profit	48,741	44,921	8.5%	172,312	156,855	9.9%
Gross profit margin	24.2%	26.0%	-1.8ppts	25.4%	25.5%	-0.1ppts
Operating expenses (ex. IFRS 16)	(28,414)	(25,736)	10.4%	(101,925)	(91,552)	11.3%
EBITDA (ex. IFRS 16)	20,327	19,185	6.0%	70,387	65,303	7.8%
EBITDA margin, (ex. IFRS 16)	10.1%	11.1%	-1.0ppts	10.4%	10.6%	-0.2ppts
Net profit (ex. IFRS 16)	12,082	16,185	-25.4%	32,531	46,590	-30.2%

CASH FLOW HIGHLIGHTS

Cash flow from operating activities (ex. IFRS 16)	17,635	33,413	-47.2%	66,075	53,129	24.4%
EBITDA to cash conversion	86.8%	174.2%	-87.4ppts	93.9%	81.4%	+12.5ppts
Cash flow used in investing activities	(938)	(12,806)	-92.7%	(1,963)	(13,718)	-85.7%
Free cash flow, (ex. IFRS 16)⁹	16,150	29,682	-45.6%	60,760	47,565	27.7%
Cash flow from financing activities (ex. IFRS 16)	(15,569)	(18,384)	-15.3%	(37,091)	(48,711)	-23.9%

BALANCE SHEET HIGHLIGHTS

	31-Dec-20	30-Sep-20	Change	31-Dec-19	Change
Total assets	464,644	435,178	6.8%	396,078	17.3%
Of which, cash and bank deposits	36,856	35,918	2.6%	7,774	NMF
Of which, securities and loans issued	12,471	12,398	0.6%	12,167	2.5%
Total liabilities	361,048	346,204	4.3%	303,240	19.1%
Of which, borrowings	88,608	94,612	-6.3%	84,712	4.6%
Of which, lease liabilities	85,919	89,065	-3.5%	77,700	10.6%
Total equity	103,596	88,974	16.4%	92,838	11.6%

KEY POINTS / VALUATION DRIVERS

- Continued solid y-o-y growth in 4Q20 and FY20 revenues and EBITDA despite COVID-19 outbreak
- Achieved 10.1% EBITDA margin in 4Q20 and 10.4% in FY20, substantially exceeding the targeted 9%
- FY20 free cash flow at GEL 60.8 million, up 27.7% y-o-y
- Net debt¹⁰ down 39.4% y-o-y to GEL 39.3 million as of 31-Dec-20 (down 15.2% q-o-q)
- Added 16 pharmacies over the last 12 months, expanding from 293 to 309 stores nationwide

INCOME STATEMENT HIGHLIGHTS

The pharmacy business continued to deliver revenue growth in 2020, reflecting both expansion and organic sales growth, with 9.2% and 6.1%, same-store revenue growth rates in 4Q20 and FY20, respectively. From April sales started to slow down after strong 1Q20 results, reflecting pandemic related behavioural change, as customers started to stock up on pharmaceuticals in March ahead of the lockdown. However, revenue rebounded in June and the trend continued in the fourth quarter. As a result, the business posted a 16.4% increase in net revenues in 4Q20 and overall, a 10.5% increase in FY20, y-o-y. The business issued 7.2 million bills in 4Q20 and 27.6 million in FY20, with average customer interactions of 2.3 million per month. The average bill size substantially increased to GEL 18.6 in 4Q20 (up 23.2% y-o-y) and GEL 16.8 in FY20 (up 17.9% y-o-y), reflecting para-pharmacy (personal care, beauty and other non-medication high margin products) sales promotions.

In 4Q20, the retail revenue share in total revenue was 70.8% (71.2% in 4Q19) and revenue from para-pharmacy as a percentage of retail revenue from pharma was up 4.4 ppts y-o-y (from 30.2% in 4Q19 to 34.6% in 4Q20). Revenues from para-pharmacy sales were up 45.8% y-o-y to GEL 58.0 million in 4Q20. The increase mainly reflects increased sale of personal protective items such as disinfectants, masks etc. and promotions on para-pharmacy products that slightly subdued the margins, translating into a 1.8 ppts y-o-y decrease in business gross margin to 24.2% in 4Q20. Overall, in FY20, the retail revenue share in total revenue was 72.8% (71.2% in FY19) and revenue from para-pharmacy as a percentage of retail revenue from pharma was 34.7% (31.0% in FY19). In FY20, revenues from para-pharmacy sales were up 29.7% y-o-y to GEL 186.3 million (GEL 143.6 million in FY19) and the business posted 25.4% gross margin (25.5% in FY19).

The negative operating leverage (1.9% in 4Q20 and 1.4% in FY20) mainly reflects the increased rent expense of pharmacies due to GEL devaluation throughout the year (about 85% of rental contracts are denominated in US\$ dollars). The result was a 6.0% and 7.8% y-o-y growth in 4Q20 and FY20 EBITDA excluding IFRS 16, with a 10.1% and 10.4% EBITDA margins, respectively.

⁸ The detailed IFRS financial statements are included in supplementary excel file, available at <https://georgiacapital.ge/ir/financial-results>.

⁹ Calculated by deducting capex from operating cash flows and by adding proceeds from sale of PPE.

¹⁰ Net debt is calculated from Cash balance and bank deposits, securities and loans issued minus gross debt.

Interest expense, excluding IFRS 16, was down 15.8% y-o-y in 4Q20 to GEL 2.4 million and down 9.9% y-o-y in FY20 to GEL 10.6 million. As the inventory purchases are denominated in foreign currency (c. 40% in EUR and c. 30% in USD), devaluation of the local currency in 4Q20 and FY20 resulted in FX loss of GEL 3.5 and GEL 13.2 million, respectively, excluding IFRS 16. The business posted GEL 8.4 million net non-recurring expense in FY20, primarily related to one-off cost associated with GHG de-listing, of which, GEL 4.9 million relates to acceleration of share-based expenses for employees and GEL 2.0 million to legal and other fees. In addition, net non-recurring expenses include GEL 1.2 million charity costs to help Georgian doctors, who are engaged in fighting against COVID-19.

As a result, the business posted a GEL 12.1 million profit in 4Q20, excluding IFRS 16, which adjusted for FX loss and non-recurring expenses resulted in a 10.2% y-o-y increase in net profit to GEL 16.8 million. In FY20, the business posted GEL 32.5 million net profit excluding IFRS 16, which, if adjusted for FX loss and non-recurring expenses, resulted in an 8.9% y-o-y increase in net profit to GEL 54.1 million.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

4Q20 operating cash was affected by lump-sum payment of accumulated 6-months deferred income tax of GEL 4.5 million, similar to the healthcare services business. The strong operating cash flow with EBITDA to cash conversion ratio of 86.8% in 4Q20 and 93.9% in FY20, coupled with decreased capex investments, resulted in an ending balance of cash and cash equivalents of GEL 36.9 million as of 31-Dec-20 (up from GEL 7.8 million at 31-Dec-19). Free cash flow also increased significantly in FY20 to GEL 60.8 million, up 27.7%. Strong liquidity management was reflected in an improved leverage profile, with net debt being down 39.4% y-o-y as of 31-Dec-20.

Discussion of Insurance Medical Insurance Business Results

GHG is the one the country's largest private medical insurers, with a 25.5% market share based on 3Q20 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. GHG owns 100% in the medical insurance business as of 31-Dec-20.

4Q20 & FY20 performance (GEL '000), Medical Insurance ¹¹

2020 numbers are unaudited

INCOME STATEMENT HIGHLIGHTS	4Q20	4Q19	Change	FY20	FY19	Change
Earned premiums, net	18,021	19,557	-7.9%	69,486	75,358	-7.8%
Net underwriting profit	4,536	2,331	94.6%	16,126	11,248	43.4%
Net profit	2,309	616	NMF	6,424	4,403	45.9%
CASH FLOW HIGHLIGHTS						
Net cash flows from operating activities	4,936	4,732	4.3%	13,047	10,344	26.1%
Free cash flow	5,309	1,244	NMF	31,617	27,783	13.8%
BALANCE SHEET HIGHLIGHTS	31-Dec-20	30-Sep-20	Change	31-Dec-19	Change	
Total assets	81,408	87,602	-7.1%	79,575	2.3%	
Total equity	32,064	30,730	4.3%	26,880	19.3%	

KEY POINTS / KEY DRIVERS FOR VALUATION

- Loss ratio down 14.1 ppts y-o-y to 70.5% in 4Q20, down 8.4 ppts y-o-y to 73.0% in FY20
- Insurance renewal rate at 76.5% in 4Q20 (77.7% in 4Q19) and 73.4% in FY20 (77.5% in FY19)
- Net profit up 3.7 times y-o-y in 4Q20 to GEL 2.3 million, up 45.9% to GEL 6.4 million

INCOME STATEMENT HIGHLIGHTS

An 8% y-o-y decline in 4Q20 and FY20 revenues reflects the decrease in the number of insured clients to c.174,000 as of 31-Dec-20 from c. 236,000 as of 31-Dec-19, mainly due to the expiry of the Ministry of Defence contract from February 2020. The reduced revenue has an immaterial impact on earnings, as the client's loss ratio was far above the business' average.

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

	4Q20	4Q19	Change	FY20	FY19	Change
Total claims retained within the GHG	35.5%	37.1%	-1.6ppts	37.3%	37.4%	-0.1ppts
Total claims retained in outpatient	41.7%	39.3%	2.4ppts	41.7%	40.2%	1.5ppts

The decrease in total claims retained within the Group is mainly due to expiry of Ministry of Defence contract, having higher retention rate at hospitals than average, while retention rates were improved at polyclinics, as shown in the table above.

In FY20, the net claims expenses were GEL 50.7 million (down 17.2% y-o-y), of which GEL 22.1 million (43.5% of the total) was inpatient, GEL 17.9 million (35.3% of total) was outpatient and GEL 10.7 million (21.2% of total) was related to drugs. The loss ratio improved by 14.1 ppts in 4Q20 y-o-y (from 84.6% to 70.5%) and by 8.4 ppts in FY20 (from 81.4% to 73.0%), reflecting the decreased traffic at hospitals and clinics due to the pandemic as well as the expiry of Ministry of Defence contract.

Salary and other employee benefits decreased by 11.8% in 4Q20, while they increased by 7.4% y-o-y to GEL 5.5 million in FY20 due to the accrual of performance based annual bonuses. The increase in impairment expense to GEL 0.5 million in 4Q20 (GEL 0.1 million in 4Q19) and GEL 2.0 million in FY20 (GEL 0.5 million in FY19) reflects a decline in receivables collection rate, mostly from travel agencies, as small businesses began to face difficulties due to the current circumstances caused by the pandemic.

As a result of the above developments, the combined ratio improved by 11.0 ppts to 88.6% for the quarter and by 5.5 ppts for the year to 90.6%. The business posted net profit of GEL 2.3 million for the quarter (up 3.7 times y-o-y) and GEL 6.4 million for the full year (up 45.9%). Net profit, adjusted for FX loss and non-recurring expenses, was GEL 2.2 million in 4Q20 (up 3.7 times y-o-y) and GEL 7.0 million in FY20 (up 58.8% y-o-y). Non-recurring expenses of GEL 0.8 million were recorded in FY20, related to GHG de-listing, of which, GEL 0.4 million relates to acceleration of share-based expenses for employees.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS

Cash and cash equivalents balance was up 51.4% since 31-Dec-19 to GEL 25.1 million. Operating cash flow was up 4.3% y-o-y to GEL 4.9 million in 4Q20 and 26.1% y-o-y to GEL 13.0 million in FY20 on the back of decreased claims.

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

SELECTED FINANCIAL INFORMATION – Healthcare Services

INCOME STATEMENT	Hospitals			Clinics			Diagnostics			Eliminations			Total		
<i>GEL thousands, unless otherwise noted</i>	FY20	FY19	Change	FY20	FY19	Change	FY20	FY19	Change	FY20	FY19	FY20	FY19	Change	
Revenue, gross	232,250	248,487	-6.5%	46,685	44,413	5.1%	14,522	5,071	NMF	(7,626)	(4,941)	285,831	293,030	-2.5%	
Corrections & rebates	(2,033)	(1,958)	3.8%	(352)	(314)	12.1%	-	-	NMF	-	-	(2,385)	(2,272)	5.0%	
Revenue, net	230,218	246,529	-6.6%	46,333	44,099	5.1%	14,522	5,071	NMF	(7,626)	(4,941)	283,447	290,758	-2.5%	
Costs of services	(143,105)	(142,150)	0.7%	(24,610)	(24,191)	1.7%	(11,439)	(3,818)	NMF	7,626	5,151	(171,528)	(165,008)	4.0%	
Cost of salaries and other employee benefits	(81,141)	(88,418)	-8.2%	(14,794)	(15,422)	-4.1%	(1,751)	(1,285)	36.3%	-	-	(97,686)	(105,125)	-7.1%	
Cost of materials and supplies	(45,700)	(38,614)	18.4%	(3,333)	(2,695)	23.7%	(9,122)	(2,119)	NMF	-	173	(58,155)	(43,255)	34.4%	
Cost of medical service providers	(4,698)	(3,249)	44.6%	(4,076)	(4,086)	-0.2%	(137)	(115)	19.1%	7,339	4,665	(1,572)	(2,785)	-43.6%	
Cost of utilities and other	(11,566)	(11,869)	-2.5%	(2,407)	(1,988)	21.1%	(429)	(299)	43.5%	287	313	(14,115)	(13,843)	2.0%	
Gross profit	87,113	104,380	-16.5%	21,723	19,908	9.1%	3,083	1,253	NMF	-	210	111,919	125,751	-11.0%	
Salaries and other employee benefits	(29,706)	(28,668)	3.6%	(8,194)	(7,315)	12.0%	(849)	(957)	-11.3%	-	-	(38,749)	(36,939)	4.9%	
General and administrative expenses	(11,287)	(12,257)	-7.9%	(3,011)	(3,272)	-8.0%	(486)	(305)	59.3%	40	142	(14,744)	(15,692)	-6.0%	
<i>General and administrative expenses excluding IFRS 16</i>	<i>(11,437)</i>	<i>(12,835)</i>	<i>-10.9%</i>	<i>(4,631)</i>	<i>(4,670)</i>	<i>-0.8%</i>	<i>(486)</i>	<i>(319)</i>	<i>52.4%</i>	<i>40</i>	<i>142</i>	<i>(16,514)</i>	<i>(17,682)</i>	<i>-6.6%</i>	
Impairment of receivables	(3,827)	(4,018)	-4.7%	(207)	(130)	59.2%	-	15	NMF	-	-	(4,034)	(4,133)	-2.4%	
Other operating income	8,554	6,769	26.4%	684	1,057	-35.3%	44	170	-74.1%	(79)	(282)	9,203	7,714	19.3%	
EBITDA	50,848	66,206	-23.2%	10,995	10,248	7.3%	1,792	176	NMF	(39)	70	63,596	76,701	-17.1%	
EBITDA excluding IFRS 16	50,698	65,628	-22.8%	9,375	8,850	5.9%	1,792	162	NMF	(39)	70	61,826	74,711	-17.2%	
EBITDA margin excluding IFRS 16	21.8%	26.4%	-4.6%	20.1%	19.9%	0.2%	12.3%	3.2%	9.1%	-	-	21.6%	25.5%	-3.9%	
Depreciation and amortization	(24,015)	(22,421)	7.1%	(7,359)	(6,858)	7.3%	(398)	(207)	92.3%	-	-	(31,772)	(29,486)	7.8%	
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(23,235)</i>	<i>(21,618)</i>	<i>7.5%</i>	<i>(5,911)</i>	<i>(5,307)</i>	<i>11.4%</i>	<i>(398)</i>	<i>(194)</i>	<i>NMF</i>	<i>-</i>	<i>-</i>	<i>(29,544)</i>	<i>(27,119)</i>	<i>8.9%</i>	
Net interest income (expense)	(22,892)	(25,904)	-11.6%	(4,710)	(4,566)	3.2%	(508)	(200)	NMF	-	(5)	(28,110)	(30,675)	-8.4%	
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(22,708)</i>	<i>(25,703)</i>	<i>-11.7%</i>	<i>(4,188)</i>	<i>(4,057)</i>	<i>3.2%</i>	<i>(508)</i>	<i>(199)</i>	<i>NMF</i>	<i>-</i>	<i>(5)</i>	<i>(27,404)</i>	<i>(29,965)</i>	<i>-8.5%</i>	
Net gains/(losses) from foreign currencies	(4,934)	(727)	NMF	(944)	(1,018)	-7.3%	(5)	(29)	-82.8%	-	-	(5,883)	(1,774)	NMF	
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(4,641)</i>	<i>(366)</i>	<i>NMF</i>	<i>(422)</i>	<i>(174)</i>	<i>NMF</i>	<i>(5)</i>	<i>(29)</i>	<i>-82.8%</i>	<i>-</i>	<i>-</i>	<i>(5,068)</i>	<i>(569)</i>	<i>NMF</i>	
Net non-recurring income/(expense)	(7,910)	(818)	NMF	(3,089)	(100)	NMF	(21)	(5)	NMF	-	-	(11,020)	(923)	NMF	
Profit before income tax expense	(8,904)	16,337	NMF	(5,107)	(2,294)	NMF	860	(265)	NMF	(39)	65	(13,190)	13,843	NMF	
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	NMF	-	-	-	-	NMF	
Profit for the period from continuous operations	(8,904)	16,337	NMF	(5,107)	(2,294)	NMF	860	(265)	NMF	(39)	65	(13,190)	13,843	NMF	
Loss from discontinued operations	(26,140)	2,003	NMF	-	-	NMF	-	-	NMF	-	-	(26,140)	2,003	NMF	
Profit for the period	(35,044)	18,340	NMF	(5,107)	(2,294)	NMF	860	(265)	NMF	(39)	65	(39,330)	15,847	NMF	
Attributable to:															
- shareholders of the Company	(36,907)	13,379	NMF	(5,215)	(2,386)	NMF	860	(265)	NMF	(39)	65	(41,301)	10,794	NMF	
- non-controlling interests	1,863	4,961	-62.4%	108	92	17.4%	-	-	NMF	-	-	1,971	5,053	-61.0%	
Profit for the period excluding IFRS 16 from continuous operations	(7,797)	17,123	NMF	(4,235)	(788)	NMF	860	(265)	NMF	(39)	65	(11,211)	16,135	NMF	
Loss from discontinued operations excluding IFRS 16	(26,140)	2,003	NMF	-	-	NMF	-	-	NMF	-	-	(26,140)	2,003	NMF	
Profit for the period excluding IFRS 16	(33,937)	19,126	NMF	(4,235)	(788)	NMF	860	(265)	NMF	(39)	65	(37,351)	18,139	NMF	
Attributable to:															
- shareholders of the Company	(35,800)	14,165	NMF	(4,343)	(880)	NMF	860	(265)	NMF	(39)	65	(39,322)	13,086	NMF	
- non-controlling interests	1,863	4,961	-62.4%	108	92	17.4%	-	-	NMF	-	-	1,971	5,053	-61.0%	

SELECTED FINANCIAL INFORMATION – Healthcare Services, *continued*

INCOME STATEMENT	Hospitals			Clinics			Diagnostics			Eliminations			Total		
<i>GEL thousands, unless otherwise noted</i>	4Q20	4Q19	Change	4Q20	4Q19	Change	4Q20	4Q19	Change	4Q20	4Q19	4Q20	4Q19	Change	
Revenue, gross	66,142	63,148	4.7%	13,573	11,877	14.3%	7,782	1,659	NMF	(2,537)	(1,754)	84,960	74,930	13.4%	
Corrections & rebates	(395)	(300)	31.8%	(68)	(34)	NMF	-	-	NMF	-	-	(463)	(334)	38.8%	
Revenue, net	65,747	62,848	4.6%	13,505	11,843	14.0%	7,782	1,659	NMF	(2,537)	(1,754)	84,497	74,596	13.3%	
Costs of services	(42,849)	(36,654)	16.9%	(6,966)	(6,018)	15.8%	(5,972)	(1,431)	NMF	2,535	1,765	(53,252)	(42,338)	25.8%	
Cost of salaries and other employee benefits	(21,775)	(22,576)	-3.5%	(3,900)	(3,979)	-2.0%	(537)	(485)	10.7%	-	-	(26,212)	(27,040)	-3.1%	
Cost of materials and supplies	(16,499)	(10,416)	58.4%	(1,196)	(698)	71.3%	(5,231)	(838)	NMF	-	1	(22,926)	(11,951)	91.8%	
Cost of medical service providers	(1,721)	(921)	86.8%	(1,270)	(901)	41.0%	(63)	(33)	90.9%	2,528	1,547	(526)	(308)	70.7%	
Cost of utilities and other	(2,854)	(2,741)	4.1%	(600)	(440)	36.4%	(141)	(75)	88.0%	7	217	(3,588)	(3,039)	18.1%	
Gross profit	22,898	26,194	-12.6%	6,539	5,825	12.3%	1,810	228	NMF	(2)	11	31,245	32,258	-3.1%	
Salaries and other employee benefits	(7,692)	(7,104)	8.3%	(2,183)	(1,863)	17.2%	(293)	(202)	45.0%	-	-	(10,168)	(9,169)	10.9%	
General and administrative expenses	(3,123)	(2,886)	8.2%	(847)	(885)	-4.3%	(265)	(51)	NMF	7	28	(4,228)	(3,794)	11.4%	
<i>General and administrative expenses excluding IFRS 16</i>	<i>(3,044)</i>	<i>(3,043)</i>	<i>NMF</i>	<i>(1,380)</i>	<i>(1,220)</i>	<i>13.1%</i>	<i>(265)</i>	<i>(51)</i>	<i>NMF</i>	7	28	<i>(4,682)</i>	<i>(4,286)</i>	<i>9.2%</i>	
Impairment of receivables	(807)	(955)	-15.5%	(70)	(21)	NMF	-	19	NMF	-	-	(877)	(957)	-8.4%	
Other operating income	5,073	2,728	85.9%	145	364	-60.2%	(52)	53	NMF	(4)	34	5,162	3,179	62.4%	
EBITDA	16,349	17,977	-9.1%	3,584	3,420	4.8%	1,200	47	NMF	1	73	21,134	21,518	-1.8%	
EBITDA excluding IFRS 16	16,428	17,820	-7.8%	3,051	3,085	-1.1%	1,200	47	NMF	1	73	20,680	21,026	-1.6%	
EBITDA margin excluding IFRS 16	24.8%	28.2%	-3.4%	22.5%	26.0%	-3.5%	15.4%	2.8%	12.6%	-	-	24.3%	28.1%	-3.7%	
Depreciation and amortization	(6,139)	(5,826)	5.4%	(1,910)	(1,790)	6.7%	(168)	(27)	NMF	-	-	(8,217)	(7,643)	7.5%	
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(5,946)</i>	<i>(5,600)</i>	<i>6.2%</i>	<i>(1,548)</i>	<i>(1,428)</i>	<i>8.4%</i>	<i>(168)</i>	<i>(27)</i>	<i>NMF</i>	-	-	<i>(7,662)</i>	<i>(7,055)</i>	<i>8.6%</i>	
Net interest income (expense)	(4,257)	(6,740)	-36.8%	(934)	(1,196)	-21.9%	(137)	(103)	33.0%	-	-	(5,328)	(8,039)	-33.7%	
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(4,208)</i>	<i>(6,664)</i>	<i>-36.9%</i>	<i>(803)</i>	<i>(1,076)</i>	<i>-25.4%</i>	<i>(137)</i>	<i>(103)</i>	<i>33.0%</i>	<i>-</i>	<i>-</i>	<i>(5,148)</i>	<i>(7,843)</i>	<i>-34.4%</i>	
Net gains/(losses) from foreign currencies	(1,843)	660	NMF	(57)	83	NMF	(2)	(5)	-60.0%	-	-	(1,902)	738	NMF	
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(1,852)</i>	<i>559</i>	<i>NMF</i>	<i>(159)</i>	<i>(102)</i>	<i>55.9%</i>	<i>(2)</i>	<i>(5)</i>	<i>-60.0%</i>	<i>-</i>	<i>-</i>	<i>(2,013)</i>	<i>452</i>	<i>NMF</i>	
Net non-recurring income/(expense)	(340)	(282)	20.6%	(1,832)	(31)	NMF	(21)	-	NMF	-	-	(2,193)	(313)	NMF	
Profit before income tax expense	3,770	5,790	-34.9%	(1,149)	487	NMF	872	(88)	NMF	1	73	3,494	6,262	-44.2%	
Income tax benefit/(expense)	-	-	NMF	-	-	NMF	-	-	NMF	-	-	-	-	NMF	
Profit for the period from continuous operations	3,770	5,790	-34.9%	(1,149)	487	NMF	872	(88)	NMF	1	73	3,494	6,262	-44.2%	
Profit/(loss) from discontinued operations	(547)	140	NMF	-	-	NMF	-	-	NMF	-	-	(547)	140	NMF	
Profit for the period	3,223	5,930	-45.6%	(1,149)	487	NMF	872	(88)	NMF	1	73	2,947	6,402	-54.0%	
Attributable to:															
- shareholders of the Company	2,547	4,705	-45.9%	(1,196)	455	NMF	872	(88)	NMF	1	73	2,224	5,145	-56.8%	
- non-controlling interests	676	1,225	-44.8%	47	32	46.9%	-	-	NMF	-	-	723	1,257	-42.5%	
Profit for the period excluding IFRS 16 from continuous operations	4,082	5,834	-30.0%	(1,291)	449	NMF	872	(88)	NMF	1	73	3,664	6,268	-41.5%	
Loss from discontinued operations excluding IFRS 16	(547)	140	NMF	-	-	NMF	-	-	NMF	-	-	(547)	140	NMF	
Profit for the period excluding IFRS 16	3,535	5,974	-40.8%	(1,291)	449	NMF	872	(88)	NMF	1	73	3,117	6,408	-51.4%	
Attributable to:															
- shareholders of the Company	2,859	4,749	-39.8%	(1,338)	417	NMF	872	(88)	NMF	1	73	2,394	5,151	-53.5%	
- non-controlling interests	676	1,225	-44.8%	47	32	46.9%	-	-	NMF	-	-	723	1,257	-42.5%	

SELECTED FINANCIAL INFORMATION – Healthcare Services, *continued*

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>						
	4Q20	4Q19	Change	FY20	FY19	Change
Revenue received	75,232	81,810	-8.0%	305,675	279,222	9.5%
Cost of services paid	(52,294)	(38,761)	34.9%	(176,207)	(164,574)	7.1%
Gross profit received	22,938	43,049	-46.7%	129,468	114,648	12.9%
Salaries paid	(9,179)	(4,734)	93.9%	(29,159)	(28,724)	1.5%
General and administrative expenses paid	(4,075)	(6,414)	-36.5%	(14,984)	(24,109)	-37.9%
General and administrative expenses paid, excluding IFRS 16	(4,529)	(7,189)	-37.0%	(16,754)	(26,467)	-36.7%
Other operating income/(expense) and tax paid	(1,293)	(225)	NMF	(2,538)	262	NMF
Net cash flows from operating activities before income tax	8,391	31,677	-73.5%	82,788	62,077	33.4%
Income tax paid	(4)	(10)	-65.7%	(62)	(74)	-15.9%
Net cash flows from operating activities from continuing operations	8,387	31,666	-73.5%	82,726	62,003	33.4%
Net cash flows from operating activities from discontinued operations	-	1,836	NMF	4,988	3,982	25.3%
Net cash flows from operating activities	8,387	33,502	-75.0%	87,714	65,985	32.9%
Net cash flows from operating activities from continuing operations (excluding IFRS 16)	7,933	30,891	-74.3%	80,956	59,645	35.7%
Net cash flows from operating activities from discontinued operations (Excluding IFRS 16)	-	1,836	NMF	4,988	3,982	25.3%
Net cash flows from operating activities (Excluding IFRS 16)	7,933	32,727	-75.8%	85,944	63,627	35.1%
Cash outflow on Capex	(8,262)	(6,900)	19.7%	(24,620)	(30,249)	-18.6%
Acquisition of subsidiaries/payments of holdback	-	-	NMF	(5,925)	(6,101)	-2.9%
Interest income received	564	193	NMF	1,174	767	53.0%
Proceeds from HTMC sale	6,726	6,088	10.5%	46,127	21,521	NMF
Dividends and intersegment loans issued/received	(972)	(619)	57.1%	16,755	(14,062)	NMF
Net cash flows used in investing activities from continuing operations	-	(637)	NMF	(1,415)	(2,208)	-35.9%
Net cash flows used in investing activities from discontinued operations	(972)	(1,256)	-22.6%	15,340	(16,270)	NMF
Net cash flows used in investing activities	-	-	NMF	(6,539)	-	NMF
Delisting fees paid	-	-	NMF	-	(6,952)	NMF
Purchase of treasury shares	(55)	(1,648)	-96.6%	(3,330)	(2,842)	17.2%
Payment of finance lease liabilities	(274)	(257)	6.6%	(1,064)	(1,326)	-19.8%
Interest expense paid on finance lease	(180)	(518)	-65.3%	(706)	(1,032)	-31.6%
Increase/(decrease) in borrowings	7,642	(14,436)	NMF	31,293	(9,058)	NMF
Interest expense paid	(19,731)	(9,547)	NMF	(36,593)	(35,242)	3.8%
Net cash flows (used in)/from financing activities from continuing operations	(12,597)	(26,406)	-52.3%	(16,939)	(56,453)	-70.0%
Net cash flows from financing activities from discontinued operations	-	(726)	NMF	(1,414)	(2,211)	-36.1%
Net cash flows from financing activities	(12,597)	(27,131)	-53.6%	(18,353)	(58,664)	-68.7%
Net cash flows (used in)/from financing activities from continuing operations (excluding IFRS16)	(12,143)	(25,631)	-52.6%	(15,169)	(54,095)	-72.0%
Net cash flows from financing activities from discontinued operations (Excluding IFRS16)	-	(726)	NMF	(1,414)	(2,211)	-36.1%
Net cash flows from financing activities (Excluding IFRS16)	(12,143)	(26,356)	-53.9%	(16,583)	(56,306)	-70.5%
Effect of exchange rates changes on cash and cash equivalents	(2)	(1,696)	-99.9%	1,372	(1,696)	NMF
Net increase/(decrease) in cash and cash equivalents	(5,184)	3,419	NMF	86,073	(10,645)	NMF
Cash and cash equivalents, beginning from continuing operations	98,905	2,844	NMF	5,789	15,996	-63.8%
Cash and cash equivalents, beginning from discontinued operations	-	1,385	NMF	1,859	2,296	-19.1%
Cash and cash equivalents, ending from continuing operations	93,721	5,789	NMF	93,721	5,789	NMF
Cash and cash equivalents, ending from discontinued operations	-	1,859	NMF	-	1,859	NMF

BALANCE SHEET					
<i>GEL thousands, unless otherwise noted</i>					
	Dec-20	Sep-20	Change	Dec-19	Change
Total assets, of which:	899,391	885,943	1.5%	953,874	-5.7%
Cash and bank deposits	93,721	98,905	-5.2%	7,648	NMF
Receivables from healthcare services	98,693	90,016	9.6%	140,861	-29.9%
Property and equipment	515,114	520,385	-1.0%	621,443	-17.1%
Right of use assets	8,856	9,291	-4.7%	11,369	-22.1%
Goodwill and other intangible assets	100,369	95,936	4.6%	104,222	-3.7%
Inventory	22,270	16,331	36.4%	19,387	14.9%
Prepayments	8,958	7,729	15.9%	7,937	12.9%
Other assets	51,410	47,350	8.6%	41,007	25.4%
<i>Of which, securities and intercompany loans</i>	<i>7,133</i>	<i>4,573</i>	<i>56.0%</i>	<i>-</i>	<i>NMF</i>
Total liabilities, of which:	510,079	491,708	3.7%	472,675	7.9%
Borrowed Funds	312,036	313,853	-0.6%	291,239	7.1%
Accounts payable	50,876	37,801	34.6%	45,754	11.2%
Other liabilities	147,167	140,054	5.1%	135,682	8.5%
Total shareholders' equity attributable to:	389,312	394,235	-1.2%	481,199	-19.1%
Shareholders of the Company	361,916	367,561	-1.5%	409,424	-11.6%
Non-controlling interest	27,396	26,674	2.7%	71,775	-61.8%

SELECTED FINANCIAL INFORMATION – Retail (Pharmacy)

INCOME STATEMENT						
<i>GEL thousands, unless otherwise noted</i>						
	4Q20	4Q19	Change	FY20	FY19	Change
Revenue	201,004	172,682	16.4%	679,437	614,675	10.5%
Costs of services	(152,263)	(127,761)	19.2%	(507,125)	(457,820)	10.8%
Cost of pharma – wholesale	(49,600)	(42,219)	17.5%	(155,144)	(148,607)	4.4%
Cost of pharma - retail	(102,663)	(85,542)	20.0%	(351,981)	(309,213)	13.8%
Gross profit	48,741	44,921	8.5%	172,312	156,855	9.9%
Salaries and other employee benefits	(14,508)	(13,167)	10.2%	(53,668)	(51,162)	4.9%
General and administrative expenses	(7,671)	(6,716)	14.2%	(25,830)	(23,287)	10.9%
<i>General and administrative expenses excluding IFRS 16</i>	<i>(13,719)</i>	<i>(11,893)</i>	<i>15.4%</i>	<i>(47,805)</i>	<i>(42,224)</i>	<i>13.2%</i>
Impairment of receivables	(1)	(290)	-99.7%	(344)	(470)	-26.8%
Other operating income	(186)	(386)	-51.8%	(108)	2,304	NMF
EBITDA	26,375	24,362	8.3%	92,362	84,240	9.6%
EBITDA excluding IFRS 16	20,327	19,185	6.0%	70,387	65,303	7.8%
EBITDA margin excluding IFRS 16	10.1%	11.1%	-1.0ppts	10.4%	10.6%	-0.3ppts
Depreciation and amortization	(5,603)	(4,942)	13.4%	(21,145)	(18,962)	11.5%
<i>Depreciation and amortization excluding IFRS 16</i>	<i>(1,074)</i>	<i>(860)</i>	<i>24.9%</i>	<i>(3,962)</i>	<i>(3,074)</i>	<i>28.9%</i>
Net interest income (expense)	(3,913)	(4,242)	-7.8%	(16,213)	(16,753)	-3.2%
<i>Net interest income (expense) excluding IFRS 16</i>	<i>(2,434)</i>	<i>(2,892)</i>	<i>-15.8%</i>	<i>(10,633)</i>	<i>(11,802)</i>	<i>-9.9%</i>
Net gains/(losses) from foreign currencies	(3,279)	2,505	NMF	(21,074)	(6,293)	NMF
<i>Net gains/(losses) from foreign currencies excluding IFRS 16</i>	<i>(3,544)</i>	<i>951</i>	<i>NMF</i>	<i>(13,219)</i>	<i>(2,976)</i>	<i>NMF</i>
Net non-recurring income/(expense)	(1,193)	(33)	NMF	(8,354)	(131)	NMF
Profit before income tax expense	12,387	17,650	-29.8%	25,576	42,101	-39.3%
Income tax benefit/(expense)	-	(166)	NMF	(1,688)	(730)	NMF
Profit for the period	12,387	17,484	-29.2%	23,888	41,371	-42.3%
Attributable to:						
- shareholders of the Company	7,571	11,074	-31.6%	10,768	25,028	-57.0%
- non-controlling interests	4,816	6,410	-24.9%	13,120	16,343	-19.7%
Profit for the period excluding IFRS 16	12,082	16,185	-25.4%	32,531	46,590	-30.2%
Attributable to:						
- shareholders of the Company	7,367	10,204	-27.8%	16,559	28,525	-41.9%
- non-controlling interests	4,715	5,981	-21.2%	15,972	18,065	-11.6%

STATEMENT OF CASH FLOW						
<i>GEL thousands, unless otherwise noted</i>						
	4Q20	4Q19	Change	FY20	FY19	Change
Cash flows from / (used in) operating activities						
Revenue received	184,073	162,223	13.5%	651,075	579,079	12.4%
Cost of services paid	(136,965)	(104,415)	31.2%	(488,900)	(435,517)	12.3%
Gross profit received	47,108	57,808	-18.5%	162,175	143,562	13.0%
Salaries paid	(15,077)	(12,687)	18.8%	(50,613)	(49,235)	2.8%
General and administrative expenses paid	(8,406)	(7,603)	10.6%	(24,229)	(26,962)	-10.1%
General and administrative expenses paid, excluding IFRS 16	(14,454)	(12,412)	16.5%	(46,204)	(45,531)	1.5%
Other operating income/(expense) and tax paid	403	801	-49.7%	1,533	4,689	-67.3%
Net cash flows from operating activities before income tax	24,028	38,319	-37.3%	88,866	72,054	23.3%
Income tax paid	(345)	(98)	NMF	(817)	(356)	NMF
Net cash flows from operating activities	23,683	38,221	-38.0%	88,049	71,698	22.8%
Net cash flows from operating activities, excluding IFRS 16	17,635	33,412	-47.2%	66,074	53,129	24.4%
Cash flows from / (used in) investing activities						
Cash outflow on Capex	(1,486)	(3,730)	-60.2%	(5,315)	(9,376)	-43.3%
Interest income received	408	126	NMF	2,250	282	NMF
Intersegment loans issued proceeds from other investing activities	141	(9,203)	NMF	1,102	(4,625)	NMF
Net cash flow used in investing activities	(937)	(12,807)	-92.7%	(1,963)	(13,719)	-85.7%
Cash flows from / (used in) financing activities						
Payment of dividends	(8,919)	(8,023)	11.2%	(34,845)	(28,756)	21.2%
Purchase of treasury shares	-	-	NMF	(1,179)	(245)	NMF
Payment of finance lease liabilities	(4,569)	(3,826)	19.4%	(16,395)	(13,985)	17.2%
Interest expense paid on finance lease	(1,479)	(983)	50.5%	(5,580)	(4,584)	21.7%
Increase/(decrease) in borrowings	(5,867)	(9,546)	-38.5%	2,618	(16,325)	NMF
Interest expense paid	(783)	(814)	-3.8%	(3,684)	(3,385)	8.8%
Net cash flows (used in)/from financing activities	(21,617)	(23,192)	-6.8%	(59,065)	(67,280)	-12.2%
Net cash flows (used in)/from financing activities, excluding IFRS 16	(15,569)	(18,383)	-15.3%	(37,090)	(48,711)	-23.9%
Effect of exchange rates changes on cash and cash equivalents	(190)	(316)	-39.9%	2,062	(230)	NMF
Net increase/(decrease) in cash and cash equivalents	939	1,906	-50.7%	29,083	(9,531)	NMF
Cash and bank deposits, beginning	35,918	5,868	NMF	7,774	17,305	-55.1%
Cash and bank deposits, ending	36,857	7,774	NMF	36,857	7,774	NMF

SELECTED FINANCIAL INFORMATION – Pharmacy and Distribution, *continued*

BALANCE SHEET					
<i>GEL thousands, unless otherwise noted</i>	Dec-20	Sep-20	Change	Dec-19	Change
Cash and bank deposits	36,856	35,918	2.6%	7,774	NMF
Securities and loans issued	12,471	12,398	0.6%	12,167	2.5%
Receivables from sale of pharmaceuticals	57,948	47,116	23.0%	40,157	44.3%
Property and equipment	35,384	35,275	0.3%	35,161	0.6%
Right of use assets	71,888	74,240	-3.2%	72,149	-0.4%
Goodwill and other intangible assets	52,964	52,869	0.2%	52,506	0.9%
Inventory	179,652	158,926	13.0%	155,075	15.8%
Prepayments	4,300	5,404	-20.4%	3,832	12.2%
Other assets	13,181	13,032	1.1%	17,257	-23.6%
Total assets	464,644	435,178	6.8%	396,078	17.3%
Borrowed Funds	88,608	94,612	-6.3%	84,712	4.6%
Finance lease liabilities	85,919	89,065	-3.5%	77,700	10.6%
Accounts payable	159,121	123,522	28.8%	110,690	43.8%
Other liabilities	27,400	39,005	-29.8%	30,138	-9.1%
Total liabilities	361,048	346,204	4.3%	303,240	19.1%
Total shareholders' equity	103,596	88,974	16.4%	92,838	11.6%

SELECTED FINANCIAL INFORMATION – Medical Insurance

INCOME STATEMENT

<i>GEL thousands, unless otherwise noted</i>	4Q20	4Q19	Change	FY20	FY19	Change
Gross premiums written	13,774	13,219	4.2%	68,554	80,722	-15.1%
Earned premiums, gross	18,054	20,110	-10.2%	69,685	77,910	-10.6%
Earned premiums, net	18,021	19,557	-7.9%	69,486	75,358	-7.8%
Insurance claims expenses, gross	(12,772)	(16,539)	-22.8%	(50,815)	(61,866)	-17.9%
Insurance claims expenses, net	(12,706)	(16,541)	-23.2%	(50,747)	(61,308)	-17.2%
Acquisition costs, net	(779)	(685)	13.8%	(2,613)	(2,801)	-6.7%
Net underwriting profit	4,536	2,331	94.6%	16,126	11,248	43.4%
Investment income	751	469	60.1%	2,705	1,427	89.7%
Net fee and commission income	(28)	395	NMF	(15)	1,545	NMF
Net investment profit	723	864	-16.3%	2,690	2,972	-9.5%
Salaries and employee benefits	(1,198)	(1,359)	-11.8%	(5,450)	(5,076)	7.4%
Selling, general and administrative expenses	(399)	(427)	-6.6%	(1,566)	(1,463)	7.0%
Depreciation & Amortisation	(337)	(278)	21.2%	(1,222)	(1,106)	10.5%
Impairment charges	(545)	(139)	NMF	(2,049)	(481)	NMF
Net other operating income	6	(45)	NMF	674	(168)	NMF
Operating profit	2,785	947	NMF	9,203	5,926	55.3%
Foreign exchange (loss)/gain	136	21	NMF	245	23	NMF
Interest expense	(195)	(204)	-4.5%	(909)	(690)	31.9%
Non-recurring expenses	-	-	NMF	(778)	-	NMF
Pre-tax profit	2,727	764	NMF	7,761	5,259	47.6%
Income tax expense	(418)	(148)	NMF	(1,337)	(856)	56.2%
Net profit	2,309	616	NMF	6,424	4,403	45.9%

STATEMENT OF CASH FLOW

<i>GEL thousands, unless otherwise noted</i>	4Q20	4Q19	Change	FY20	FY19	Change
Insurance premium received	19,636	22,112	-11.2%	71,310	74,945	-4.8%
Reinsurance premium paid	(95)	-	NMF	(722)	(103)	NMF
Insurance benefits and claims paid	(12,061)	(14,738)	-18.2%	(45,833)	(54,198)	-15.4%
Reinsurance claims received	-	-	NMF	-	780	NMF
Acquisition costs paid	(492)	(565)	-13.0%	(1,837)	(2,487)	-26.1%
Salaries and benefits paid	(2,217)	(1,768)	25.4%	(8,797)	(7,866)	11.8%
Interest received	1,047	325	NMF	3,023	1,505	NMF
Net other operating expenses paid	(682)	(633)	7.7%	(2,468)	(2,233)	10.5%
Income tax paid	(200)	-	NMF	(1,630)	-	NMF
Net cash flows from operating activities	4,936	4,732	4.3%	13,047	10,344	26.1%
Cash outflows on capex	(198)	(78)	NMF	(408)	(113)	NMF
Other investing activities	(575)	(4,522)	-87.3%	2,107	(5,688)	NMF
Net cash flows from used in investing activities	(773)	(4,600)	-83.2%	1,698	(5,801)	NMF
Dividend Paid	(1,050)	(375)	NMF	(2,625)	(625)	NMF
Purchase of treasury shares	-	-	NMF	(316)	(143)	NMF
Increase/(decrease) in borrowings	(2,000)	2,485	NMF	(2,400)	1,425	NMF
Interest Paid	(432)	(143)	NMF	(840)	(577)	45.6%
Cash paid for lease liabilities	(181)	(106)	70.8%	(516)	(393)	31.3%
Net cash flows from financing activities	(3,663)	1,861	NMF	(6,697)	(313)	NMF
Effect of exchange rates changes on cash and cash equivalents	5	(15)	NMF	470	(10)	NMF
Total cash inflow/(outflow)	504	1,979	-74.5%	8,518	4,220	NMF
Cash and cash equivalents, beginning	24,597	14,604	68.4%	16,583	12,363	34.1%
Cash and cash equivalents, ending	25,101	16,583	51.4%	25,101	16,583	51.4%

BALANCE SHEET

<i>GEL thousands, unless otherwise noted</i>	Dec-20	Sep-20	Change	Dec-19	Change
Total assets, of which:	81,408	87,602	-7.1%	79,575	2.3%
Cash and bank deposits	25,101	24,597	2.0%	16,583	51.4%
Insurance premiums receivable	25,393	32,290	-21.4%	31,531	-19.5%
Property and equipment	13,138	13,190	-0.4%	15,054	-12.7%
Right of use assets	853	1,000	-14.7%	597	42.9%
Goodwill and other intangible assets	5,518	5,508	0.2%	5,519	NMF
Inventory	297	223	33.2%	-	NMF
Prepayments	1,339	1,235	8.4%	520	NMF
Other assets of which:	9,769	9,559	2.2%	9,771	NMF
<i>securities and intercompany loans</i>	8,689	8,635	0.6%	7,649	13.6%
Total liabilities, of which:	49,344	56,872	-13.2%	52,695	-6.4%
Borrowed Funds	5,299	7,353	-27.9%	7,450	-28.9%
Accounts payable	312	441	-29.3%	-	NMF
Insurance contract liabilities	30,022	34,718	-13.5%	31,687	-5.3%
Other liabilities	13,711	14,360	-4.5%	13,558	1.1%
Total shareholders' equity	32,064	30,730	4.3%	26,880	19.3%

Selected ratios and KPIs

Selected ratios and KPIs	4Q20	4Q19	Change	FY20	FY19	Change
GHG, consolidated						
ROIC (%)	17.1%	14.4%	2.7ppts	13.1%	12.7%	0.4ppts
Group rent expenditure	7,475	6,748	10.8%	26,659	24,921	7.0%
<i>of which, pharmacy and distribution business</i>	5,587	6,315	-11.5%	24,771	22,970	7.8%
Group capex (maintenance)	3,107	2,316	34.1%	9,978	11,883	-16.0%
Group capex (development)	6,839	8,393	-18.5%	20,366	27,855	-26.9%
Number of employees	15,158	15,874		15,158	15,874	
Number of physicians	3,295	3,567		3,295	3,567	
Number of nurses	3,130	3,355		3,130	3,355	
Nurse to doctor ratio, referral hospitals	0.95	0.94		0.95	0.94	
Number of pharmacists	2,887	2,945		2,887	2,945	
Hospitals						
EBITDA margin <i>excluding IFRS 16</i>	24.8%	28.2%	-3.4ppts	21.8%	26.4%	-4.6ppts
Direct salary rate (direct salary as % of revenue)	32.9%	35.8%	-2.8ppts	34.9%	35.6%	-0.6ppts
Materials rate (direct materials as % of revenue)	24.9%	16.5%	8.4ppts	19.7%	15.5%	4.1ppts
Administrative salary rate (administrative salaries as % of revenue)	11.6%	11.2%	0.4ppts	12.8%	11.5%	1.3ppts
SG&A rate (SG&A expenses as % of revenue)	4.6%	4.8%	-0.2ppts	4.9%	5.2%	-0.2ppts
Number of hospitals	17	18		17	18	
Number of hospital beds	2,596	2,967		2,596	2,967	
Hospitals bed occupancy rate	60.1%	56.5%	3.6ppts	53.1%	56.4%	-3.3ppts
Hospitals bed occupancy rate, excluding TRH and CMC	59.3%	61.8%	-2.5ppts	54.4%	61.3%	-6.9ppts
CMC bed occupancy rate	51.2%	37.9%	13.3ppts	41.5%	36.3%	5.2ppts
TRH bed occupancy rate	72.8%	45.8%	27.0ppts	57.4%	46.3%	11.0ppts
Average length of stay (days)	6.4	5.2	22.5%	5.6	5.2	7.3%
Average revenue per hospital bed	101.9	97.3	4.7%	89.5	95.7	
Clinics						
EBITDA margin <i>excluding IFRS 16</i>	22.5%	26.0%	-3.5ppts	20.1%	19.9%	0.2ppts
EBITDA margin of polyclinics <i>excluding IFRS 16</i>	25.8%	26.5%	-0.7ppts	21.0%	18.8%	2.2ppts
Direct salary rate (direct salary as % of revenue)	28.7%	33.5%	-4.8ppts	31.7%	34.7%	-3.0ppts
Materials rate (direct materials as % of revenue)	8.8%	5.9%	2.9ppts	7.1%	6.1%	1.1ppts
Number of community clinics	19	19		19	19	
Number of community clinics beds	353	353		353	353	
Number of polyclinics	15	15		15	15	
Diagnostics						
EBITDA margin <i>excluding IFRS 16 impact</i>	15.4%	2.8%	12.6ppts	12.3%	3.2%	9.1ppts
Number of patients served ('000)	204	130	57.0%	611	277	120.5%
Number of tests performed ('000)	450	290	54.9%	1,424	670	112.3%
Average revenue per test GEL	17.3	5.7	203.5%	10.2	7.6	34.2%
Average number of tests per patient	2.2	2.2	0.0%	2.3	2.4	-4.2%
Pharmacy and Distribution						
EBITDA margin <i>excluding IFRS 16</i>	10.1%	11.1%	1.0ppts	10.4%	10.6%	0.2ppts
Number of bills issued (millions)	7.2	7.63	-5.8%	27.6	28.8	-128.4%
Average bill size	18.6	15.1	23.2%	16.8	14.3	17.6%
Revenue from wholesale as a percentage of total revenue from pharma	29.2%	28.8%	0.4ppts	27.2%	28.8%	-1.6ppts
Revenue from retail as a percentage of total revenue from pharma	70.8%	71.2%	-0.4ppts	72.8%	71.2%	1.6ppts
Revenue from para-pharmacy as a percentage of retail revenue from pharma	34.6%	30.2%	4.4ppts	34.7%	31.0%	3.7ppts
Number of pharmacies	309	296	4.4%	309	296	4.4%
Medical Insurance						
Loss ratio						
Expense ratio <i>excluding IFRS 16, of which</i>	70.5%	84.6%	-14.1ppts	73.0%	81.4%	-8.4ppts
<i>Commission ratio</i>	18.4%	13.1%	5.3ppts	17.7%	12.7%	5.0ppts
Combined ratio <i>excluding IFRS 16</i>	4.3%	3.5%	0.8ppts	3.8%	3.7%	0.1ppts
Renewal rate	88.9%	97.6%	-8.7ppts	90.8%	94.1%	-3.3ppts