

The Term Sheet is translated from Georgian. Only the Georgian version of the Preliminary Term Sheet is submitted to and approved by the National Bank of Georgia

In case of discrepancies, the Georgian version shall prevail.

**Georgia Healthcare Group JSC
(Identification Number: 405746634)**

Preliminary Term Sheet

The preliminary term sheet sets forth the terms for the bond offering based on the information available or estimated to be available as of its submission date.

This document constitutes the terms for offering unsubordinated, guaranteed and secured social bonds (hereinafter referred to as the **Bonds**) with a total nominal value of up to 350,000,000 (three hundred fifty million) GEL, a 60-month maturity period, a floating interest rate (hereinafter referred to as the **Coupon** or the **Interest** or the **Interest Rate**), and the rights defined in accordance with the indicative “Terms and Conditions of the Bonds”. The final term sheet will be submitted to the National Bank of Georgia no later than [12] September.

Name of security:	Unsubordinated social bonds of JSC Georgia Healthcare Group (the “Issuer”, the “Company”), secured by joint and several suretyship, mortgage, and pledge (the “Bonds”)
Issuer’s name, legal form, identification number and contact information:	Georgia Healthcare Group JSC (ID: 405746634) Address: Georgia, Tbilisi, Saburtalo District, Sul Khan Tsintsadze Street, N 24 a E-mail: contact@ghg.com.ge Website: https://ghg.com.ge/ Tel.: (+995 32) 2 600 600
Name and contact information of the Placement Agent 1:	Galt & Taggart JSC (ID: 211359206) Address: 3, Pushkini Street, 0105, Tbilisi E-mail: gt@gt.ge ; sales@gt.ge Website: https://galtandtaggart.com/en Tel.: (+995 32) 2 401 111
Name and contact information of the Placement Agent 2:	TBC Capital LLC: (ID: 204929961) Address: 7, Marjanishvili Street, 0102, Tbilisi E-mail: info@tbccapital.ge Website: https://www.tbccapital.ge/ge Tel.: (+995 32) 227 27 33
Name and contact information of the authority responsible for approving the prospectus	National Bank of Georgia Address: 1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi E-mail: info@nbg.gov.ge Website: www.nbg.gov.ge Tel.: (995 32) 240 6406 Fax: (995 32) 240 6577
Date of approval of the prospectus:	
Term of the effectiveness of the prospectus:	12 months from the approval of the preliminary term sheet

Approval of this prospectus by the National Bank of Georgia relates to its form only and may not be viewed as a conclusion on the accuracy of the content of the prospectus or the value of the investment described herein.

Person responsible for the preparation of the document:

Georgia Healthcare Group JSC (ID: 405746634)

Please refer to the original, Georgian version of the document for relevant signatures & approvals

Signed on behalf of Georgia Healthcare Group JSC:

Signatory:

Name: Giorgi Alpaidze

Position: Chairperson of the Supervisory Board

Signature:

Date:

Signatory:

Name: Irakli Gogia

Position: General Director

Signature:

Date:

Signed on behalf of Galt & Taggart JSC

Signatory:

Name: Giorgi Kuprashvili

Position: General Director

Date:

Signed on behalf of TBC Capital LLC:

Signatory:

Name: Tina Simonishvili

Position: Attorney-In-Fact of Director

Signature:

Date:

Information about the Bonds

Primary characteristics of the Bonds:

The Interest (coupon)	Annual Interest Rate for the Bonds is indicatively within the range of Daily Non-Cumulative Compounded Tbilisi Interbank Interest Rate (Daily TIBR) (published at the following link: https://nbg.gov.ge/monetary-policy/tibr), plus [325]-[400] basis points of the nominal value of the Bonds (the x Spread) The final Annual Interest Rate (coupon) will be determined according to the level of demand, identified during the bond purchase process (book-building)
Bond amortization terms	Principal amount of the Bonds will be repaid on the maturity date.
Interest accrual and payment	The Interest is accrued at the above mentioned rate from the date of issuance of the Bonds until the maturity date. The interest will be accrued based on a 365-day year. The accrued Interest will be payable semi-annually indicatively on September [17] and on March [17]. The first payment of accrued Interest will be made indicatively on March [17], 2026.
Currency of the Bonds:	The Bonds are denominated in GEL.
Rights and Restrictions related to the Bonds	Other than those defined by the “Terms and Conditions of the Bonds”, the prospectus does not provide for any special rights and limitations related to the bonds.
Limitations to the free exchange of the Bonds	Free exchange of the Bonds is not limited.
Call Option	Bonds have embedded call option in accordance with the Condition 7 <i>Redemption And Purchase of the Bonds</i> of the “Terms and Conditions of the Bonds”
Change of Control Put Option	Bondholders may require the Issuer to repurchase the Bonds upon a Change of Control in accordance with the Condition 7. “Redemption and purchase of the bonds” of the “Terms and Conditions of the Bonds”
Credit rating of the Issuer/Bonds	The Issuer has a long-term issuer credit rating from the following credit agencies: <ul style="list-style-type: none"> • Issuer rating – B+ with a Stable outlook from Scope Ratings. • Bond rating – BB- (preliminary) with a Stable outlook from Scope Ratings.
Maturity Date	Repayment of the Bonds, i.e. payment of its principal amount and accrued and unpaid Interest (if any) will take place on [17 September], 2030.
Contact Information of the Central Securities Depository	Georgian Central Securities Depository JSC (ID: 204935400), Office N7, Block 10, N71 Vazha-Pshavela Avenue, Saburtalo District, Tbilisi, Georgia; Tel.: (995 32) 2 50 02 11; E-mail: info@gcsd.ge
Listing	Upon completion of the Bond placement, the Issuer intends to apply for admission of the Bonds to the trading system and exchange listing of the Georgian Stock Exchange or Tbilisi Stock Exchange. The Issuer meets all conditions of the rules on admission of securities to the trading system and listing. The terms and conditions of the listing on Georgian Stock Exchange are available at the following link: https://gse.ge/upload/Listing_Rules_24.05.2016_01a6b9aa.pdf

	<p>The terms and conditions of the listing on Tbilisi Stock Exchange are available in Georgian at the following link:</p> <p>TSE Listing Rules</p>
Ranking and Status of the Bonds	<p>The Bonds constitute secured and unsubordinated liabilities of the Company. All Bonds have an equal, identical legal status, without any precedence over each other.</p>
Social Bond Framework / Second Party Opinion	<p>The Issuer has obtained Second Party Opinion (“SPO”) from Scope. The SPO reflects Scope’s independent opinion on the alignment of the Company’s Social Bond Framework with the Social Bond Principles 2023, as administered by ICMA.</p>
Dividend policy	<p>The Company’s dividend distribution policy is detailed in the subsection “Dividend Policy” of this Prospectus.</p>

Information regarding the Offering:

The Offer	Debt securities (Bonds) with a total nominal value of up to 350,000,000 (three hundred fifty million) GEL, with a maturity date indicatively on September [17], 2030
Minimal placement lot	1 (one) Bond
Security	Coupon Bond
Nominal value	GEL 1,000 (one thousand)
Quantity of the Bonds	Up to bonds [350,000] (three hundred fifty thousand)
Total nominal value of the Issue	Up to GEL 350,000,000 (Three hundred fifty million)
Issue Price	100% of the nominal value of the Bond
Bond issuance date	The Bonds will be issued indicatively on September [17], 2025.
The minutes of the meeting of the partners and the decisions of the management on the approval of the issuance	The resolution of the supervisory board dated 21 August of 2025 The resolution of shareholders dated 21 August of 2025
The Bond deferred placement date	Any date between the Issue Date of the Bonds and the closing date of the offering on which the Bond is placed at the deferred placement price.
The Bond deferred placement price	The nominal value of the Bonds plus the Interest accrued from the Issue Date of the Bonds to the deferred placement date of the Bonds.
Offering period	The period of time from the approval of the final term sheet to the completion of the offer during which securities may be purchased.
Offering Completion Date	The Offering Completion Date is determined as the date on which one of the following events occurs: a) The prospectus becomes invalid; b) Full placement of the publicly offered securities; c) Termination of the public offering.
Maturity Date	Repayment of the Bonds, i.e. payment of its principal amount and accrued and unpaid Interest (if any) will take place on September [17], 2030.
Currency of the Bonds	The Bonds are denominated in GEL.
The ranking of securities in the capital structure in case of insolvency/bankruptcy	In the event of bankruptcy, the owners of the securities are secured creditors. Claims of secured creditors are governed by the Article 105 of Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors, according to which the secured creditor of the first rank may apply to a bankruptcy manager requesting the sale of secured property in the manner provided for by a respective mortgage agreement. The bankruptcy manager ensures the sale of the said property in accordance with the claim of a mortgagee of the first rank. If the proceeds from its sale exceed the claim of a creditor of the first rank, the claims of creditors of each following rank are satisfied by the excess amount in accordance with the procedure established by the Civil Code of Georgia, whereas the remaining amount shall be included in the insolvency estate The order of distribution of the insolvency estate

	<p>provided by the Law on Rehabilitation and Collective Satisfaction of Creditors article 104th is as follows:</p> <p>a) bankruptcy regime costs (which, in turn, include the costs of the process provided for in Chapter V of the Civil Procedure Code of Georgia; the compensation of the bankruptcy administrator; and the costs related to the proceedings, including the costs arising from the labor relationship during the bankruptcy proceedings, the cost of property management, as well as the costs of various professional services purchased by the decision of the administrator);</p> <p>b) debts arising towards the debtor after the court's ruling on the admissibility of the application for insolvency and opening of the bankruptcy regime, including tax liabilities incurred after the initiation of bankruptcy proceedings;</p> <p>c) preferential claims - It includes the amount payable for three (3) months' salaries and vacation expenses before a court's admissibility decision on an insolvency petition (excluding the salaries and vacation expenses of the debtor's directors and members of the supervisory board, as well as for their family members), and the amounts payable for workplace injury (not exceeding one thousand (1,000) GEL per creditor).</p> <p>d) preferential tax claims - It includes indirect taxes, as defined by the Tax Code of Georgia, arising during the relevant tax periods of the last three (3) years prior to the court's declaration of admissibility of the insolvency petition.</p> <p>e) unsecured claims, including the amount of taxes incurred prior to the decision on the admissibility of the application for insolvency, which are not covered by other subparagraphs of Article 104 (1) of the Law on Rehabilitation and Collective Satisfaction of Creditors – claims of the Bondholders fall in this category.</p> <p>For additional information, see the subsection "Risks specific to the offered securities" of the prospectus.</p>
Calculation Agent	Galt & Taggart JSC
Default	<p>If an Event of Default occurs and is continuing, the Bondholders may, directly or through the Bondholders' Representative, give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at 100% of their principal amount (nominal value) together (if applicable) with accrued and unpaid Interest (see the chapter "Terms and Conditions of the Bonds" of the prospectus, Condition 10. "Events of Default").</p>
Reasons of the Offering and Use of Proceeds	<p>The net proceeds from the offering shall be applied to refinance existing loans and to finance capital expenditures, in line with the Issuer's Social Bond Framework. Out of the total proceeds, GEL 250 million will be used to refinance the Issuer's existing long-term loans within 20 Business Days following the issuance date. GEL 100 million will be allocated to financing capital expenditures in accordance with the Social Bond Framework (out of this amount, GEL 50 million of capital expenditures has already been financed through short-term bridge loans raised in 2025, which will be refinanced by the Bonds). For detailed information, see the section "Reasons of the Offering and Use of Proceeds".</p>

Net Proceeds	In case of full placement of the issued Bonds, the net proceeds from the Bonds will not be less than 98.5% of the total nominal value of the issued Bonds.
Disposing and Selling Restrictions	The Bonds will be offered only within the jurisdiction of Georgia, in accordance with the legislation of Georgia.
Governing law	Legislation of Georgia
Jurisdiction	Any dispute arising out of or relating to the Prospectus shall be referred to and settled by arbitration according to the procedures outlined in the Prospectus.
Main terms of the Bond Placement Agreement	The agreement obliges the Placement Agent 1 and Placement Agent 2 (together, the “Placement Agents”) to provide underwriting of the Bonds solely on a non-guaranteed basis. It is the duty of each Placement Agent to assist the Issuer in preparing the documents necessary for the placement of the Bonds (including the Prospectus), to act as a placement agent and consult the Company regarding the issue, sale and settlement of the Bonds.
Placement and other fees	The placement fee does not exceed 1.5% of the placed Bonds. The fee is fully covered by the Issuer and no costs related to the placement will be charged to investors.

Possible expenses imposed on investors

Fees associated with the placement of the Bonds are reimbursed in full by the Issuer and the investor will not incur any additional costs related to the placement under the offer.

Conflict of interest associated with the offering

- **The relationship between, on one hand, the Issuer, and, on the other hand, the Placement Agents**

The Issuer and the Placement Agent 1 (JSC Galt and Taggart) are indirectly related; as of the date of the approval of the Prospectus, the ultimate sole owner of the Issuer, JSC Georgia Capital, holds 19.8% non-voting equity interest in Lion Finance Group PLC, the ultimate sole owner of JSC Galt and Taggart. The Issuer considers this to be a non-material circumstance given the non-voting nature of the Issuer’s equity interest in Lion Finance PLC, and the fact that the members of the governing bodies of these companies are fully and completely separated and all the agreements related to the bonds to be issued under this Prospectus are made in accordance with the existing Georgian legislation.

The Issuer and the Placement Agent 2 (TBC Capital LLC) are not related parties and there is no conflict of interest between them.

The Issuer’s auditors and any third parties and/or experts involved in the preparation of the Prospectus, are not related to either the Placement Agent 1 or the Placement Agent 2 and there is no conflict of interest between them.

- **The relationship between the Placements Agents and the potential investors**

There is a possibility that the part of the bonds issued and placed under this Prospectus might be acquired by JSC Bank of Georgia, which is one of the major commercial banks operating in Georgia and is affiliated with the Placement Agent 1; more specifically, the ultimate owner of both, the Placement Agent 1 and JSC Bank of Georgia is Lion Finance Group PLC, a company listed on London Stock Exchange. At the same time, the head of JSC Bank of Georgia’s corporate lending direction (which includes both, issuing corporate loans and investing in bonds) supervises the Placement Agent 1 at the group level. Indicated circumstances could create a conflict of interest between the Placement Agent 1, the Issuer, and JSC Bank of Georgia. However, the Issuer believes that the potential conflict of interest is decreased according to the next circumstances:

(a) The Placement Agent 1 is required under the law, that JSC Bank of Georgia, as well as all the other investors will be treated on equal and equitable terms.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 1.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and Investors. However, the Issuer believes the potential conflict of interest is reduced considering the following circumstances:

(a) Under applicable law, the placement Agent 2 is obliged to treat both JSC TBC Banks and all other investors on basis of equality and equal rights.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

The Issuer is not aware of any other existing or potential conflict of interest related to the offering.

Joint Stock Company
Georgia Healthcare Group JSC

(Identification Number: 405746634)

Bond Prospectus

Up to GEL 350,000,000 (three hundred fifty million) in aggregate nominal value of direct, unsubordinated, social bonds secured by joint and several suretyship, mortgage, and pledge, bearing a floating interest rate (the “**Bonds**”), issued in a single series. The nominal value of each Bond at issuance will be 1,000 units in the respective currency. The currency of issuance is Georgian Lari. The issue price at the time of issuance will be 100% (one hundred percent) of the nominal value.

The detailed terms of the Bonds, including the aggregate principal amount of relevant tranche, the final issue date, and the annual interest rate, will be determined by this Prospectus and the applicable Final Terms of relevant tranche. The coupon payment frequency will be one of the following: (a) monthly; (b) quarterly; or (c) semi-annual. The maturity will be one of the following: 1 year; 2 years; 3 years; 4 years; or 5 years.

The final coupon rate to be applied to the nominal value of the Bonds will be determined during the offering process, based on the volume and terms of demand expressed by potential investors through book-building, and within the range specified in the Preliminary Terms document. A public offering may not commence unless the Preliminary Terms document has been submitted to and published by the National Bank of Georgia. Within the limits set out in the Preliminary Terms document, the determination of the final coupon rate during the offering process shall not constitute a material amendment and shall require only its inclusion in the Final Prospectus.

The Bonds constitute the Company’s direct, unsubordinated obligations secured by joint and several suretyship, mortgage, and pledge.

Georgia Healthcare Group JSC (hereinafter referred to as the “**Company**”, “**Issuer**”, “**GHG**” and together with its subsidiaries, the “**Group**” or “**GHG Group**”) is responsible for the information presented in this prospectus. To the best of the Company's knowledge (for the accuracy of which the Company has made all reasonably possible efforts), the data provided in this prospectus is based on facts and does not omit any information that could significantly impact the accuracy and completeness of the information. Moreover, this prospectus includes *all material facts known to the Company, and no information has been omitted that would affect the content of the prospectus.*

Approval of this prospectus by the National Bank of Georgia (the “NBG”) relates to its form only and may not be viewed as a conclusion on the accuracy of the content of the prospectus or the value of the investment described herein.

Person responsible for the preparation of the document:

Georgia Healthcare Group JSC (ID: 405746634)

Statement of the responsible person:

The responsible person declares that *“the information presented in the issuance prospectus includes all material facts known to them, and no information has been omitted that would affect the content of the prospectus.”*

Please refer to the original, Georgian version of the document for relevant signatures & approvals

Signed on behalf of Georgia Healthcare Group JSC:

Signatory:

Name: Giorgi Alpaidze

Position: Chairperson of the Supervisory Board

Signature:

Date:

Signatory:

Name: Irakli Gogia

Position: General Director

Signature:

Date:

Signed on behalf of Galt & Taggart JSC

Signatory:

Name: Giorgi Kuprashvili

Position: General Director

Signature:

Date:

Signed on behalf of TBC Capital LLC:

Signatory:

Name: Tina Simonishvili

Position: Attorney-In-Fact of Director

Signature:

Date:

Important Information for the Investors:

Potential investor must read the following disclaimer before continuing. The disclaimer applies to the attached Prospectus (hereinafter - the “**Prospectus**”) and potential investor is therefore advised to read this carefully. By accessing and using the Prospectus (including for investment purposes), an investor agrees to be bound by the following terms and conditions (as amended from time to time).

Body responsible for approving the Prospectus:

National Bank of Georgia – Address: 1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi, Georgia; Tel.: 2 406 406. E-mail: info@nbg.gov.ge; Website: <https://nbg.gov.ge/>

Limitation of liability:

Except for cases expressly provided for by applicable law, no person, including an authorized representative of the Issuer, CEO, CFO, member of the Supervisory Board, Chairman of the Supervisory Board, Placement Agents, the Calculation Agent, the Central Depository (hereinafter - "Central Depository" or " Depository"), other advisers of the Company, , nor any of their affiliates, directors, advisers or agents, accepts any responsibility for the content of this Prospectus, the accuracy or completeness of the information presented therein, or any statements made by them or on their behalf regarding the Company in this Prospectus, or for any information disclosed in this Prospectus related to the issuance and offering of securities specified herein. Consequently, the Placement Agents, the IFIs and the Company's advisers disclaim any liability, legal or otherwise, in connection with this Prospectus or any statements made by them therein.

For the purposes of this offering, the Placement Agents and Calculation and Agent are acting exclusively for the Issuer, they do not represent any other person in connection with the offering and they will not regard any other person (whether or not a recipient of this Prospectus) as their client in relation to the offering. Therefore, they will not be responsible to anyone else other than the Company for providing services or for giving advice in relation to the offering or any transaction or arrangement referred to herein.

This Prospectus does not constitute and may not be used for the purposes of an offer in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such an offer. No action is being taken to permit an offering of the Bonds described in this Prospectus or the distribution of this Prospectus (or any other offering materials relating to the Bonds) in any jurisdiction (other than Georgia).

The investor’s confirmation: the attached Prospectus is delivered to the investor at his/her/its request and on the basis that the investor has confirmed to the placement agent 1: Galt & Taggart JSC (I/N: 211359206), address: 3, Pushkin street, Tbilisi 0105, Georgia; Tel.: (+995 32) 2-40-11; E-mail: st@gt.ge (hereinafter - the “**Placement Agent 1**”), the placement agent 2: TBC Capital LLC (I/N: 204929961), address: 7, Marjanishvili street, Tbilisi 0102, Georgia; Tel.: (+995 32) 277-27-33; E-mail: info@tbccapital.ge (hereinafter – the “**Placement Agent 2**”), and the Issuer Georgia Healthcare Group JSC (hereinafter – the “**Company**” or “**Issuer**”) that the investor is located outside the United States of America and is not a US person (as defined in Regulation S under the United States Securities Act of 1933), and is outside the United Kingdom and European Economic Area, and/or is a person into whose possession this Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which he/she/it is located.

If this Prospectus has been made available to the investor in an electronic form, neither the Company, the Placement Agents nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus in an electronic format and the hard copy version, and/or the viruses and other destructive items arising from alterations caused during the process of electronic transmission of the documents. By accessing the Prospectus, the investor consents to receiving it in electronic form.

For the avoidance of any doubts, the Prospectus published/made publicly available on the website of the National Bank of Georgia shall prevail.

There has been no substantial (material) change after the submission of the Prospectus until its approval, and if any similar change occurs after the approval until the offering, the Prospectus will be updated accordingly.

A hard copy of the Prospectus will be made available to the investor upon request made to the Placement Agents.

Restriction: If a person has gained access to this document contrary to and notwithstanding the aforementioned terms and restrictions, he/she shall not be authorized to purchase any of the securities described by this Prospectus.

Approved by the National Bank of Georgia

Date of Approval

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Prospectus General Overview

Introduction

Name of security:	Unsubordinated social bonds of JSC Georgia Healthcare Group (the “ Issuer ”, the “ Company ”), secured by joint and several suretyship, mortgage, and pledge (the “ Bonds ”)
Issuer’s name, legal form, identification number and contact information:	Georgia Healthcare Group JSC (ID: 405746634) Address: Georgia, Tbilisi, Saburtalo District, Sulokhan Tsintsadze Street, N 24 a E-mail: contact@ghg.com.ge Website: https://ghg.com.ge/ Tel.: (+995 32) 2 600 600
Name and contact information of the Placement Agent 1:	Galt & Taggart JSC (Identification Number: 211359206) Address: 3, Pushkini Street, 0105, Tbilisi E-mail: gt@gt.ge ; sales@gt.ge Website: https://galtandtaggart.com/en Tel.: (+995 32) 2 401 111
Name and contact information of the Placement Agent 2:	TBC Capital LLC: (Identification Number: 204929961) Address: 7, Marjanishvili Street, 0102, Tbilisi E-mail: info@tbccapital.ge Website: https://www.tbccapital.ge/ge Tel.: (+995 32) 227 27 33
Name and contact information of the authority responsible for approving the prospectus	National Bank of Georgia Address: 1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi Tel.: (995 32) 240 6406 Fax: (995 32) 240 6577 E-mail: info@nbg.gov.ge Website: www.nbg.gov.ge
Date of approval of the prospectus:	
Term of the effectiveness of the prospectus:	12 months from the approval of the preliminary term sheet

Important Information:

The General Overview is an integral part of the Prospectus.

Any investment decision made by the investor should be based on the entire Prospectus and not only on the information provided in the General Overview.

The Issuer may become liable if the information represented in the General Overview is misleading or inaccurate or is not corresponding to the main Prospectus or does not provide the basic information to help investors to make investment decisions with regard to the securities to be offered;

An investment in bonds involves high risk. Any investor, who will purchase the Bonds, should be prepared to face the economic risk of his/her/its investment and take into account the fact that the repayment of the principal amount of the Bonds and accrued interest will be depended on the Issuer's solvency. In accordance with securities market legislation, the information presented in the Prospectus must be comprehensive, reflect all material information related to the Company, its activities, and the securities to be issued, be conveyed in a concise and clear language, and allow for easy analysis. Any information supplied by the Company or the Placement Agents in connection with the Bonds and placement is not intended to provide an evaluation of

the risks involved in investing in Bonds. Each investor shall make his/her/its own evaluation of the potential risks involved. In addition, the investor may lose all or part of the total invested amount.

The Prospectus and the information contained therein may be subject to introducing appropriate alterations and additions in case of a change of circumstances, which will be reflected in the final Prospectus (e.g. fixing the interest rate, correction of technical deficiency, clarification of the issue size, etc.). The Issuer will inform the investors about such alterations and additions based on the procedure established by the law. Sale or public offering of the Bonds described herein is prohibited until the Prospectus is approved by the National Bank of Georgia.

Offering of the Bonds described in this Prospectus is made within the jurisdiction of Georgia as allowed by the applicable laws of Georgia. This Prospectus does not constitute an offer of securities for sale in any jurisdiction in which such offer is unlawful.

Neither the Company nor the Placement Agents make any representation or warranty to any potential or actual purchasers of the Bonds regarding the legality of an investment in the Bonds by such purchasers under respective investment or similar laws applicable to such purchaser.

No person is authorised to disclose any information or make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or the Placement Agents. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of the approval of the Prospectus.

This Prospectus should not be construed as legal, investment, business or tax advice. When making an investment decision, all investors should consult with their advisors, as necessary, and determine for themselves whether it is legally permitted to purchase these securities determined by this Prospectus under applicable investment or similar laws or regulations.

Warning

Bond issuance prospectus is not a simple document and it may be difficult for an investor to thoroughly understand and evaluate the product offered by this Prospectus. In making any investment decision, investors shall rely on their own analysis of the Company, the Bonds, the terms of this offering, the Interest and risks. In this regard, see the section "Risk Factors". Each potential investor must determine the suitability of investing in the Bonds in light of their own circumstances. The issuance of the Bonds under the Prospectus is public. Besides, and all potential investors shall:

- i. Have sufficient knowledge and experience to properly evaluate the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable amendments;
- ii. Have access to, and knowledge of, appropriate analytical tools to evaluate the suitability of investing in the Bonds and the impact such investment on its overall investment portfolio in the context of its particular financial situation;
- iii. Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments (Georgian Lari or US Dollar) is different from the currency in which the potential investor attracts or implements investments;
- iv. Be able to understand thoroughly the terms of the Bonds offering and be familiar with the characteristics of the relevant financial market;
- v. Be able to evaluate (either alone or with the help of a financial adviser) possible development scenarios of economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

This statement is purely cautionary and does not constitute a limitation of the Issuer's liability.

Sources Used

The main sources used in the Prospectus are as follows:

- Audited annual carve-out financial statements for 2024 and comparative audited annual carve-out financial statements for 2023;
- Charter of JSC Georgia Healthcare Group (application number in the NAPR system: B25063357);
- Website of JSC Georgia Healthcare Group (ghg.com.ge);
- Scope Ratings credit report on JSC Georgia Healthcare Group assigning a B+ rating: <https://www.scoperatings.com/ratings-and-research/rating/EN/178875>
- National Statistics Office of Georgia (geostat.ge);
- National Bank of Georgia (nbg.gov.ge);
- Research Department of Galt & Taggart (gt.ge);
- TBC Capital Research (tbccapital.ge);
- LEPL National Health Agency of Georgia (nha.moh.gov.ge);
- LEPL State Regulation Agency of Medical Activities (rama.moh.gov.ge);
- National Center for Disease Control and Public Health (ncdc.ge);
- Service for Accounting, Reporting and Auditing Supervision (saras.gov.ge);
- Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (moh.gov.ge).

Responsible person declares that *“when the information provided by a third party is used, the source is indicated, and a reservation is made that this information has been processed correctly. To their knowledge, no significant information and facts are omitted which would make the information inaccurate and misleading”*.

Information About the Issuer

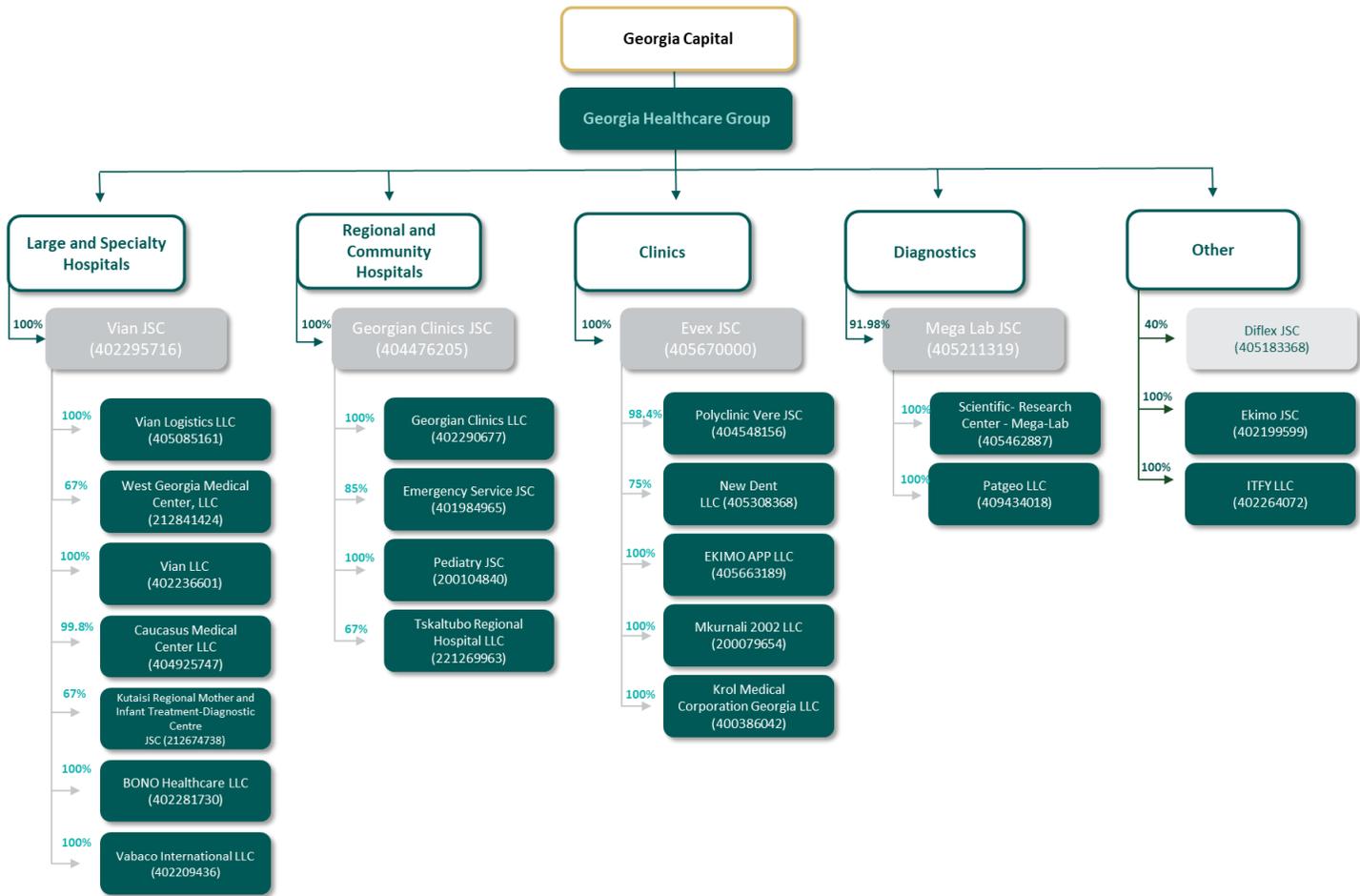
The Issuer refers to **Georgia Healthcare Group JSC** (I/N 405746634). Legal address: Sul Khan Tsintsadze Street, No. 24A, Tbilisi, Georgia. Country of registration: Georgia. Governing legislation: Georgian law. Date of registration: 17 December 2024.

The Group began its operations in 1990 and operated in the market under the name of an independent insurance company – Aldagi. The Group has experienced significant growth over the past decade, driven by a centralized approach to healthcare management. The Issuer pioneered the implementation of a regional cluster model and referral hierarchy in Georgia, enabling the management of multiple hospitals as a unified organization. As the largest healthcare provider in Georgia’s rapidly growing, predominantly private market, GHG offers a comprehensive range of inpatient and outpatient services through a vertically integrated network.

The Group’s commitment to delivering high-quality healthcare is exemplified through four core business lines: (i) **Large and Specialty Hospitals**, (ii) **Regional and Community Hospitals**, (iii) **Clinics** (Evex Polyclinic chain), and (iv) **Diagnostics** (Mega Laboratory). Each geographic cluster operates under a structured referral hierarchy, ensuring patients are guided from local physicians and community hospitals to larger, specialized referral hospitals for advanced treatments. Dedicated ambulance services further enhance patient transfer within this system.



Organizational Structure



Until the fourth quarter of 2024, GHG also included a pharmaceuticals division (Gepha JSC). However, following a strategic decision by the parent company, the pharmacy segment was demerged from GHG and now operates as a separate business under Georgia Capital (hereinafter “GCAP”) umbrella. Given that the management teams for Gepha and GHG’s healthcare businesses are distinct, the separation aligns with the strategic rationale for these entities to operate under different holding structures.

For further details on mergers, acquisitions, and demergers, please refer to *Significant Events in the Development of the Issuer's Business Activities*. For more information on subsidiaries, please refer to *Subsidiaries*.

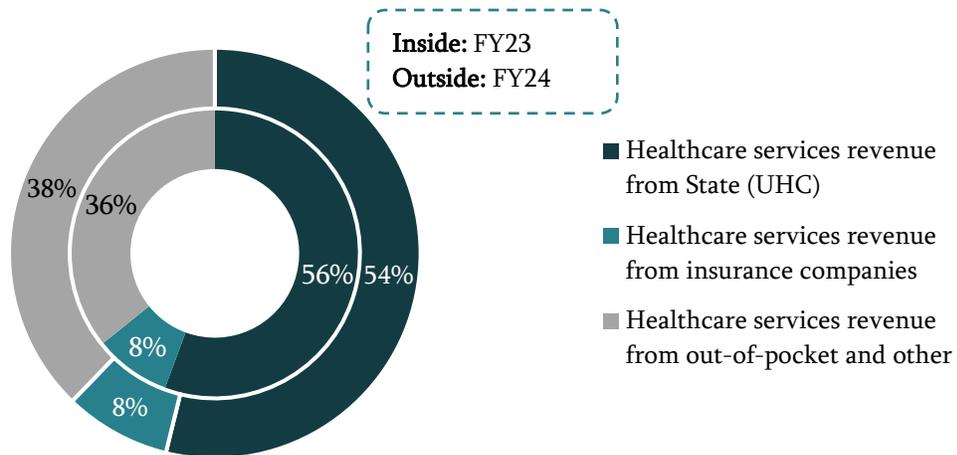
A brief overview of the exclusive and other services offered by the current divisions is provided below:

Business Division	Brief Description	Revenue Composition, 2024
Large and Specialty Hospitals	<p>The hospitals business is the sole provider of various inpatient and outpatient medical services, including:</p> <ul style="list-style-type: none"> • Oncology • Children’s Oncology • Bone Marrow Transplantation • Gender Reassignment Surgery <p>Extracorporeal Fertilization (Surrogacy) etc.</p>	<p>A donut chart illustrating the revenue composition for 2024. The chart is divided into four segments: a large dark blue segment representing 55% (Large and Specialty Hospitals), a teal segment representing 26% (Regional and Community Hospitals), a light green segment representing 14% (Clinics), and a small grey segment representing 5% (Diagnostics). A legend below the chart identifies each segment with a corresponding color square.</p>
Regional and Community Hospitals	<ul style="list-style-type: none"> • Neurosurgery – Brain and spine surgeries, including trauma and tumor treatment • Endoscopic Diagnostics • CT Scanning – 160-slice multi-layer CT for high-precision diagnostics • Surgery & Intensive Care etc. 	
Clinics	<p>The largest polyclinic chain in Georgia, operating 16 facilities, offering:</p> <ul style="list-style-type: none"> • Outpatient Diagnostics and Treatment • Specialized Services in Transplantology, Hematology, Radiology, Ophthalmology, and 38+ other medical fields 	
Diagnostics	<p>Provides both basic and advanced testing in oncology and molecular diagnostics—services previously unavailable in Georgia.</p> <p>Operates as a laboratory hypermarket, utilizing high-capacity automated systems</p>	

GHG has actively pursued international accreditations to enhance quality control across its divisions. The Caucasus Medical Center became the country's first multi-profile referral hospital accredited by the Joint Commission International (JCI) in July 2024. Megalab achieved JCI accreditation in July 2022, becoming the first medical laboratory in the South Caucasus to do so. Iashvili Hospital received accreditation from the American Accreditation Commission International (AACI) in August 2023, marking it as the region's first internationally accredited pediatric center. Additionally, all 27 facilities in the "Georgian Clinics" network obtained KTQ certification, confirming patient-centered care and adherence to international medical service standards. The Evex chain complies with ISO 9001:2015 standards, certified by TÜV AUSTRIA.

The Groups’s revenue comprises three types of payments: (i) Out-of-pocket payments, (ii) state payments, and (iii) private insurance payments. Notably, no individual client or insurance company independently accounts for more than 10% of the Company’s revenue.

Patient-Payor mix for respective years are represented below:



Significant Events in the Development of the Issuer's Business Activities

1990	<ul style="list-style-type: none"> Established as Aldagi, an independent insurance provider.
2006	<ul style="list-style-type: none"> Opened first ambulatory clinic in Tbilisi
2008-2012	<p>Expanded healthcare services through multiple acquisitions and new facilities.</p> <ul style="list-style-type: none"> 2008-2011: Acquired 13 hospitals, including 11 from Block Georgia 2012: acquired Insurance Company Imedi L, adding ten hospitals. 2012: Opened six new hospitals
2013	<ul style="list-style-type: none"> Added four hospitals and an ambulatory clinic; acquired Caraps Medline, a 60-bed specialty hospital.
2014	<ul style="list-style-type: none"> Acquired Avante Hospital Management Group, the second-largest healthcare provider in Georgia. Acquired Sunstone Medical LLC and renovated Tbilisi Referral Hospital (332 beds). Acquired Traumatology, a 60-bed referral hospital in Tbilisi.
2015	<ul style="list-style-type: none"> Acquired 95% of Deka (350-bed hospital) and 50% of GNCo (450-bed HTMC Hospital). GHG PLC Launched IPO on London Stock Exchange. Opened new ambulatory clusters.
2016	<ul style="list-style-type: none"> Acquired remaining 33.3% of Iashvili Referral Hospital. Acquired JSC GPC, a top pharmaceutical retailer, and its 35% stake in Temka referral hospital. Opened new ambulatory clinics. Acquired 67% of JSC ABC Pharmacia, merging it with GPC to form JSC Georgian Pharmacy.
2017	<ul style="list-style-type: none"> Completed renovation of Sunstone referral hospital. Acquired Khashuri and Qareli community hospitals. Acquired Attirance, a natural cosmetics brand. Opened three new polyclinics.
2018	<ul style="list-style-type: none"> Won tender for Georgian Ministry of Internal Affairs insurance contract. Launched Home Care service in Tbilisi. Completed Mega Laboratory construction. Entered dental market by launching dental clinics within polyclinics.
2019	<ul style="list-style-type: none"> Signed franchise agreement with The Body Shop to operate in Georgia.
2020	<ul style="list-style-type: none"> Sold 40% ownership interest in HTMC. Launched EKIMO application.
2021	<ul style="list-style-type: none"> Agreed to acquire 33% minority interest in retail (pharmacy) business over six years. Sold 100% equity in Traumatology Hospital for US\$2.9 million.

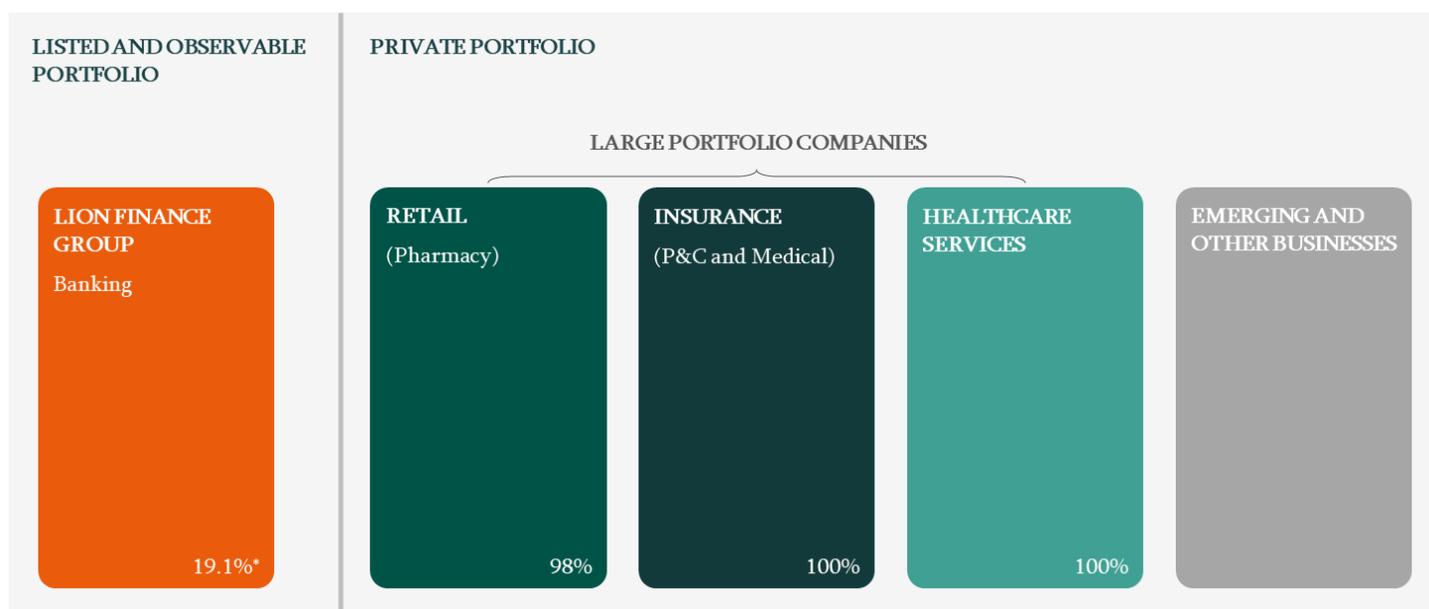
2022	<ul style="list-style-type: none"> Acquired 10% of Retail (pharmacy) business from minority shareholders.
2023	<ul style="list-style-type: none"> Acquired additional 20.5% of the retail (pharmacy) business. Reorganized hospitals under "Vian" and established "Georgia Clinics" for regional and community hospitals. Polyclinics and Diagnostics segment now includes 16 polyclinics and "Mega Lab."
2024	<ul style="list-style-type: none"> GHG acquired Ardi Insurance in Jan 2024, making GCAP the largest health insurer in Georgia. In June 2024, Ardi and Imedi L were transferred to GCAP's insurance sub-holding, "A Group." In 4Q24, GHG's pharmacy business was separated and now operates under Georgia Pharmacy Group JSC.

Partners and Beneficiary Owners of the Company

The Issuer is wholly owned by Georgia Capital JSC. The owner of the issuer is wholly owned by Georgia Capital PLC, which is listed on the London Stock Exchange (Ticker: CGEO).

JSC Georgia Capital operates as a platform for acquiring, managing, and developing businesses in Georgia. Georgia Capital supports its portfolio companies in their growth and in establishing the right management structures, until they reach a stage of development where they can further develop mainly on their own - either under Georgia Capital's continued oversight or independently.

Georgia Capital's portfolio as of the date of the Prospectus:



* GCAP's equity stake in Lion Finance Group as of the date of the Prospectus

The following table sets forth the shareholders of Georgia Capital PLC who, directly or indirectly, hold more than 5% of the shares:

	As of the date of the Prospectus (%)
Gemsstock Ltd	7.56%
Lazard Asset Management LLC	7.37%
Allan Gray Proprietary Ltd	6.45%
Other*	78.62%
Total	100.00%

*Other investors each hold less than a 5% stake in Georgia Capital PLC.

The Group's operations are geographically focused in Georgia.

Brief Information About the Sector

The Georgian healthcare industry has undergone a number of reforms and transformations during the last two decades. The Government has prioritized healthcare and ensured an influx of private investment. The key components of the national healthcare reform were privatization on a large scale, infrastructure upgrade, sector liberalization, introduction of the UHC and wider accessibility to healthcare services as the major outcome. For more details, please refer to – “*Regulatory Overview*”.

The healthcare sector in Georgia is structured as a mixed system, comprising both public and private providers. The private sector dominates healthcare service delivery, with most hospitals and clinics operated by private entities, while the government plays a significant role in healthcare financing through the Universal Healthcare Program and various targeted state-funded programs. The sector is moderately concentrated, with ten major hospitals accounting for nearly 50% of total market revenue, while the remaining share is distributed among smaller providers.

The healthcare industry is one of the most dynamic and fast-developing sectors. Driven by factors on both the demand and supply sides, the total output of this sector has been increasing. During the 2018–2024 period, the total CAGR was 9.4%. Between 2018 and 2024, the healthcare sector's share in the total economic output decreased from 3.8% (2018) to 3.2% (2024), indicating that the sector grew at a slower pace than other industries in the economy. Despite the overall decline in 2022 and 2023, the sector rebounded in 2024, with output rising to 4.7 billion GEL, a 12% increase from the previous year. This rebound suggests that the sector is stabilizing post-pandemic.

Demand Drivers

Government Policy on Healthcare: Expansion of universal healthcare reduced out-of-pocket expenditures from 53% (2018) to 40% (2023), while government healthcare spending grew from 40% to 50%. Private insurance share increased from 6% to 9%, though its total expenditure remained stable. In 2023, universal healthcare reimbursements reached 1.1 billion GEL (+18% YoY), with major state funding directed toward primary/emergency care, referral services, and organ transplants.

Demographic Dynamics: Georgia's population reached 3.74 million in 2023, the highest in a decade, driven by migration, economic conditions, and social factors.

Disease and Risk Factors: Morbidity increased by 24% in 2023, with the highest rise in endocrine disorders (54%), pregnancy-related conditions (51%), and skin diseases (50%).

Healthcare Service Utilization: Outpatient visits per capita rose from 3.3 (2018) to 4.1 (2023), reflecting expanded healthcare programs and rising demand.

Affordability and Purchasing Power: Household incomes increased, with average per capita income reaching 562 GEL in 2024 (+16% YoY, +97% since 2018). Healthcare service prices surged in recent years but stabilized with a 6.5% decline in 2023 and a slight 1% increase in 2024.

Supply Drivers

As for the supply side, from 2018 to 2023, the number of healthcare service providers decreased. As expected, highly fragmented market and recent regulations create a room for market consolidation.

During 2020–2021, the number of hospital beds in Georgia increased due to the COVID-19 pandemic, which necessitated an expansion of healthcare capacity. However, this surge was followed by a decline in 2022 and 2023 as the pandemic subsided, reducing the demand for additional hospital beds. By 2023, the number of hospital beds was lower compared to pre-pandemic levels, likely due to low occupancy rate and the introduction of new regulations on the required distance between hospital beds.

Georgia has a low bed occupancy rate of 56.1%. In addition, the average length of hospital stay for patients is 4.8 days, which is lower than the average rate of the selected countries (5.3 days). Despite the increase in bed utilization rates and the decrease in average length

of stay over the past several years, Georgia’s bed occupancy rate remains low compared to other countries. There is significant potential for improvement in this area, which would positively impact the efficiency of the healthcare sector.

Although the number of medical personnel also increased during this period, the nurse-doctor ratio in Georgia is low (0.89). This imbalance puts significant pressure on nursing resources and negatively impacts the profitability of the healthcare sector, as higher-paid physicians are filling in for nurses.

Diagnostics Market

Highly fragmented, with key players including Synevo, Cito, and European Limbach alongside many smaller providers. Despite numerous labs, high-quality pathology services were limited before MegaLab, the largest diagnostic lab in the Caucasus, introduced advanced clinical and pathology testing.

Directors of the Issuer

Irakli Gogia is General Director of the Company, Irakli Gogia was appointed Chief Executive Officer on August 12, 2022. Previously, he served as Chief Financial Officer since 2017 and Chief Operating Officer since 2014. He was also Deputy Chairman of the Supervisory Board of EVEX Medical Corporation and Insurance Company Imedi L. With a decade of experience in the financial industry, he was Deputy CEO of Insurance Company Aldagi (2009–2014) and CFO of Liberty Consumer. He began his career as a senior auditor at Ernst & Young and Deloitte. Mr. Gogia holds a BBA from the European School of Management in Tbilisi. He has received the Order of Honour from the President of Georgia and an academic excellence award from the UK’s Minister for Education.

Nika Tsiklauri - Deputy CEO, Finance

Nika Tsiklauri was appointed Deputy CEO in April 2024, having joined the Group in May 2015 as Deputy CFO. He has been a Supervisory Board member of EVEX Medical Corporation since April 2023 and of Insurance Company Imedi L since December 2023. Previously, he worked at Ernst & Young (2009–2015) as a Senior Project Lead Auditor, overseeing engagements for the Bank of Georgia, a London Stock Exchange-listed entity. Mr. Tsiklauri holds a bachelor's degree in management from the Free University of Tbilisi (European School of Management). He is a CFA Charterholder, a certified Project Management Professional (PMP), a Financial Risk Manager (FRM), a Certified Alternative Investment Analyst (CAIA), and a member of ACCA.

Key Financial Indicators

The following tables summarize the key indicators of the Company’s consolidated carve-out financial statements, based on the audited financial statements for 2023 and 2024. The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The type of auditor’s opinion for the annual audited financial statements prepared for 2023 and 2024 is **unmodified**.

In December 2024, following parent company’s strategic decision, Pharmacy segment demerged from the GHG group and now operates as a separate business under GCAP’s umbrella. GHG now encompasses operating segments of 1) Hospitals and 2) Clinics and Diagnostics.

These consolidated carve-out financial statements have been prepared from the consolidated financial statements of Georgia Healthcare Group JSC and its subsidiaries (GHG Group) as if GHG Group reorganization has been effective as at 1 January 2023, and assuming that GHG JSC’s date of transition to IFRS is the initial date of transition to IFRS of GHG Group.

Key financial indicators of the company for the years 2023 and 2024 are presented in the tables below:

Statement of Profit and Loss, '000 GEL	2024	2023
Healthcare services revenue	400,233	369,109
Cost of healthcare services	(247,541)	(235,273)
Gross profit	152,692	133,836
Salaries and other employee benefits	(59,697)	(51,629)

General and administrative expenses	(18,910)	(22,320)
Impairment of healthcare and other receivables	(5,999)	(6,131)
Net other operating income	5,615	8,110
EBITDA	73,701	61,866
Depreciation and amortisation	(44,174)	(42,400)
Net Interest expense	(36,155)	(37,464)
Net losses from foreign currencies	(1,388)	(1,407)
Healthcare and other receivables impairment individually	-	(18,016)
Net non-recurring income/(expense)	(4,291)	1,543
Profit before income tax expense	(12,307)	(35,878)
Income tax expense	-	-
Profit for the year	(12,307)	(35,878)

Profit (loss) and total comprehensive income attributed to

<i>Owners of the company</i>	(15,632)	(36,073)
Non-controlling interest	3,325	195

<i>Statement of Financial Position, '000 GEL</i>	<i>31-Dec-24</i>	<i>31-Dec-23</i>	<i>1-Jan-23</i>
Assets			
Current Assets	167,683	200,787	160,870
Non-current Assets	661,913	626,888	623,296
Total assets	829,596	827,675	784,166
Liabilities			
Current Liabilities	281,656	350,492	137,129
Total Non-current Liabilities	167,784	83,417	220,981
Total liabilities	449,440	433,909	358,110
Total equity	380,156	393,766	426,056
Total equity and liabilities	829,596	827,675	784,166

Working Capital

The Group's working capital (current assets minus current liabilities) and current ratio over the periods are presented below:

<i>'000 GEL</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Working Capital	(113,973)	(149,705)	18,741
Current Ratio	0.60	0.57	1.14

The main reason for the negative working capital is primarily the current portion of loans. This indicator is presented over the periods below:

<i>'000 GEL</i>	<i>2024</i>	<i>2023</i>
Borrowed Funds, Current Portion	200,540	220,091

The net proceeds from the offering shall be applied to refinance existing loans and to finance capital expenditures, in line with the Issuer's Social Bond Framework. Out of the total proceeds, GEL 250 million will be used to refinance the Issuer's existing long-term loans within 20 Business Days following the issuance date. GEL 100 million will be allocated to financing capital expenditures in accordance with the Social Bond Framework (out of this amount, GEL 50 million of capital expenditures has already been financed through short-term bridge loans raised in 2025, which will be refinanced by the Bonds). Any outstanding loan obligations exceeding GEL 300 million will be covered by the company's own cash resources. As a result, the current portion of the loan will be reduced to zero, since the issuer will have no obligation to repay the principal of the refinanced debt for the next four years. Consequently, both the company's working capital position and its liquidity ratios will improve.

The pro forma (post-bond issuance) working capital and current ratio are presented below:

<i>'000 GEL</i>	<i>Pro-forma</i>
Working Capital	90,516
Current Ratio	2.07

Key Financial Ratios

The ratios presented below for the years 2024 and 2023 have been calculated based on consolidated audited figures; Financial ratios have been calculated and presented solely to meet the minimum regulatory requirements applicable to the prospectus and do not form part of the audited financial statements.

	<i>2024 Pro-Forma</i>	<i>2024</i>	<i>2023</i>
Financial Leverage Ratios			
Long-term Debt to equity	0.9	0.4	0.2
Interest Coverage ratio**	0.6	0.8	0.5
Total Debt Ratio	0.5	0.5	0.4
Profitability Ratios			
Return on Assets (ROA)	n/a	-1.5%	-4.5%
Return on Equity (ROE)	n/a	-3.2%	-8.8%
Return on Invested Capital	n/a	38.2%	36.3%
Gross profit margin	n/a	7.4%	5.3%
Operating profit margin	n/a	-3.1%	-9.7%
EBITDA margin	n/a	18.4%	16.8%
Net profit margin	n/a	5.4%	4.1%
Liquidity Ratios			
Liquid Assets/Total Assets	n/a	0.1	0.1
Liquid Assets/Current Liabilities	n/a	0.4	0.3
Working Capital turnover	n/a	(3.0)	(5.6)
Current Ratio	n/a	0.6	0.6
Debt Service Coverage Ratio ***	1.8	1.1	0.9
Operating Cash Flow Ratio	n/a	0.2	0.1
Operating Ratios			
Fixed Asset turnover	n/a	0.8	0.7
Days of Inventory on hand	n/a	44.3	41.8
Days of sales outstanding	n/a	75.4	85.5
Number of days of payables	n/a	40.4	42.9
Cash conversion cycle	n/a	79.3	84.5
Bond Covenants			
Consolidated Net Leverage Ratio*	5.23	4.55	4.43
Financial lease ratio on assets	3.7%	3.9%	3.2%

*As of year-end 2024, the Company had total outstanding debt of GEL 342,247 thousand. The net proceeds from the offering shall be applied to refinance existing loans and to finance capital expenditures, in line with the Issuer's Social Bond Framework. Out of the total proceeds, GEL 250 million will be used to refinance the Issuer's existing long-term loans within 20 Business Days following the issuance date. GEL 100 million will be allocated to financing capital expenditures in accordance with the Social Bond Framework (out of this amount, GEL 50 million of capital expenditures has already been financed through short-term bridge loans raised in 2025, which will be refinanced by the Bonds). It should be noted, however, that prior to the bond issuance, the Company intends to repay the residual outstanding debt of GEL 42,247 thousand from its available cash resources, which will result in a significant reduction in its leverage.

**In 2023, operating cash flows were below EBITDA, and the Company's operating cash flows were insufficient to service its debt. To address this shortfall, the Company obtained additional borrowings. However, it should be noted that, following the bond issuance, the Company will not be required to repay the principal on its borrowings for the next four years. Consequently, its debt service coverage ratio will improve significantly.

Description of Material Changes in Ratios:

- The long-term debt to equity ratio increased by 127% in 2024, driven by the company's acquisition of additional borrowing obligations. The pro forma ratio rises sharply due to the fact that the company's bonds will be classified entirely as long-term liabilities over the coming years.
- In 2024, the group's interest coverage ratio increased significantly by 59%, along with profitability ratios, driven by growth in the group's revenues. For detailed information on the main reasons behind the revenue growth, please refer to the section titled "Operating Results."

General notes on the ratios:

The pro forma ratios reflect the impact of the bond issuance on the Group's debt obligations and related financial metrics. The Group plans to issue bonds in the aggregate principal amount of GEL 350 million. The net proceeds from the offering shall be applied to refinance existing loans and to finance capital expenditures, in line with the Issuer's Social Bond Framework. Out of the total proceeds, GEL 250 million will be used to refinance the Issuer's existing long-term loans within 20 Business Days following the issuance date. GEL 100 million will be allocated to financing capital expenditures in accordance with the Social Bond Framework (out of this amount, GEL 50 million of capital expenditures has already been financed through short-term bridge loans raised in 2025, which will be refinanced by the Bonds). For further details, please refer to the "Use of Proceeds" section of this Prospectus.

As of year-end 2024, the Group's outstanding debt amounted to GEL 342,247 thousand. At the time of the bond issuance, the Group will refinance its existing debt obligations using a combination of proceeds from the bonds and internal cash resources. Specifically, GEL 300 million of the bond proceeds will be applied toward refinancing debt, while the remaining debt will be repaid from the Company's available cash. Accordingly, the difference between the debt levels at year-end 2024 and at the time of the bond issuance will not be material, and the issuance will have only a minimal impact on the Issuer's pro forma ratios.

Unless otherwise stated, the following definitions apply to the terms used in the ratio calculation methodology:

- **Liquid Assets** – The sum of cash and cash equivalents and trade receivables;
- **Working Capital** – Current assets minus current liabilities;
- **Capital Employed** – Total assets minus current liabilities;

Notes on Selected Ratios:

The increase in the working capital turnover ratio in 2024 is primarily driven by higher revenues and, at the same time, a decrease in the Group's current liabilities. The reduction in current liabilities mainly reflects a decline in the current portion of borrowed funds. The pro forma working capital turnover is further improved due to the impact of the bond issuance, as all of the Group's debt obligations will be classified as long-term following the issuance.

The bond issuance also leads to a significant increase in the long-term debt to equity ratio, since, post-issuance, all of the Group's debt obligations will be long-term as the only remaining debt obligations of the Group shall be the Bonds (specifically, only the bonds issued pursuant to this prospectus).

Methodology for Calculating Key Ratios:

Methodology for Calculating Leverage Ratios:

- **Long-term Debt to Equity** - Long-term interest-bearing liabilities divided by total equity;
- **Interest Coverage Ratio** - EBIT divided by interest expense, where interest expense is as reported in the income statement;
- **Total Debt Ratio** - Total short-term and long-term interest-bearing liabilities divided by total assets;

Methodology for Calculating Profitability Ratios:

- **Return on Assets** - Net profit for the year divided by average total assets during the period;
- **Return on Equity** - Net profit for the year divided by average equity during the period;
- **Return on Invested Capital** – EBIT divided by Capital Employed;
- **Gross Profit Margin** – Gross profit (revenue from core operations minus cost of goods sold) divided by revenue from core operations;
- **Operating Profit Margin** – EBIT divided by total revenue from operations (EBIT includes lease expenses);
- **EBITDA Margin** – EBITDA divided by total revenue from operations;
- **Net Profit Margin** - Net profit divided by revenue from core operations;

Methodology for Calculating Liquidity Ratios:

- **Liquid Assets / Total Assets** - Liquid assets divided by total assets;
- **Liquid assets / Current Liabilities** - Liquid assets divided by current liabilities;
- **Working Capital Turnover** - Revenue divided by working capital;
- **Current Ratio** - Current assets divided by current liabilities;
- **DSCR** – EBITDA to interest and principal repayments on loans and lease liabilities ratio (excluding the effect of refinancing);
- **Operating Cash Flow Ratio** - Cash flows from operating activities divided by current liabilities;

Methodology for Calculating Operating Ratios:

- **Fixed Asset Turnover** - Revenue divided by the average value of fixed assets during the period;
- **Days of Inventory on Hand** - Average inventory multiplied by 365, divided by cost of goods sold;
- **Days of Sales Outstanding** - Average trade receivables multiplied by 365, divided by revenue
- **Number of Days of Payables** - Average trade payables multiplied by 365, divided by cost of goods sold
- **Cash Conversion Cycle** - Days of inventory on hand plus days sales outstanding, minus days payable outstanding.

Methodology for Calculating Covenant Ratios:

Please refer to – *Capitalization and Debt*.

Credit Rating

The company and its bonds have been assigned credit ratings by Scope Ratings, a credit rating agency recognized by the National Bank of Georgia. The company's corporate rating is B+ with a stable outlook, while the preliminary rating for the issued bonds is BB- with a stable outlook. The ratings were obtained on June 6, 2025.

Below are the key determining factors considered by the credit rating agency in assessing the company

Key rating drivers

Business risk profile: BB-. GHG's business risks are largely mitigated by i) industry-inherent favourable characteristics including low macro-economic cyclical exposure, medium market entry barriers, and low substitution risk; ii) its market position as a leading healthcare provider in Georgia; and iii) its moderate to good profitability. However, business risks are amplified by limited diversification due to geographic and sector concentration, with operations restricted to Georgia and focused exclusively on healthcare.

GHG holds a commanding position as the largest integrated healthcare provider in Georgia's fragmented healthcare service industry. The company has around 14% market share by number of clinical beds and around 21% market share by sales in Universal Health Care (UHC) as of YE 2024. GHG's market position remains constrained by the relatively limited addressable market (under GEL 2.8bn). However, sales and the capacity utilisation of beds are expected to grow significantly in the coming years after the recent modernisation and expansion programme. This makes it likely that market shares will continue to rise, helping GHG to maintain its strong national lead.

GHG's diversification is weaker than that of larger multinational peers, given its focus on one country and one industry (healthcare). However, this may gradually improve through strategic initiatives, such as expanding medical tourism by targeting affluent patients from neighbouring countries like Armenia and Azerbaijan, as well as growing its diagnostics business. These segments are expected to gain relevance over time. GHG operates a vertically integrated model across hospitals, clinics, and diagnostics, offering a broad range of healthcare services. Its wide treatment coverage and strong accessibility give it a diversification advantage over domestic competitors.

At present, GHG is highly dependent on the Georgian state, with the UHC programme accounting for 54% of its annual revenue in 2024. While this provides short-term credit support due to the government's strong payment record, it also exposes the company to policy risk around potential local economic and regulatory changes (ESG factor: credit negative). However, management is seeking to expand GHG's exposure to private payors, which would accelerate cash inflows and reduce dependence on the UHC programme, where the state retains strong negotiating power over pricing and reimbursement terms.

GHG's profitability continues to strengthen, with its Scope-adjusted EBITDA margin* rising to nearly 20% in 2024 from 17% in 2023. This improvement is driven by the full return to operations of its hospitals following renovation-related disruptions, an increased focus on high-margin outpatient services, and disciplined cost management, particularly in fixed personnel expenses.

Georgia's healthcare sector remains subject to regulatory oversight, particularly for services reimbursed under the UHC programme, where prices are set by the state. At the same time, providers like GHG still benefit from a relatively flexible operating environment. Outside the UHC framework, GHG has greater freedom to set tariffs for privately funded and out-of-pocket services, which enhances its ability to improve margins.

Further profitability gains are supported by the rollout of in-house digital tools that streamline access to care, reduce waiting times, and optimise internal workflows. Although these investments have increased capex in the short term, they are expected to improve operational efficiency and patient throughput (ESG factor: credit positive).

Financial risk profile: B. GHG's financial risk profile is weaker than its business risk profile. Scope acknowledges that credit metrics may improve in the next few years. However, the current financial risk profile reflects still-high leverage, constrained free operating cash flow (FOCF) as well as ongoing risk exposure to the economic uncertainty of the Republic of Georgia (rated BB/Negative), which could delay the expected growth in EBITDA and deleveraging trajectory.

GHG's indebtedness is due to significant capex needs. While a portion of funding needs have been met internally, the company has also relied on external financing, including bank loans. The funds raised through the planned bond (GEL 350m) will be used to refinance part of the existing loan obligations and finance group's capital expenditures

Scope projects debt/EBITDA ranging between 4.0x and 5.0x in 2025-2026, compared to 5.2x at YE 2024, with a further decline expected to below 4.0x in 2027. Deleveraging is expected to be driven by EBITDA growth from higher hospital utilization and a stronger focus on high-margin outpatient services. For the same reasons, Scope expects the funds from operations/debt ratio to follow a similar trend, improving to above 10% from 2025 (2024: 9%). Some reassurance is provided by the company's medium-term leverage target of under 2.5x and loan covenants that require progressive reductions in leverage starting in 2026. However, Scope notes that EBITDA not growing as expected may result in larger deviations from the forecast corridor.

GHG's EBITDA interest coverage is forecast to remain moderate despite pressure from the relatively high cost of debt in Georgia. EBITDA interest cover was at 1.9x in 2024 and the ratio is expected to remain at a modest level of around 2.0x in 2025-26. This is supported by EBITDA growth, but constrained by the anticipated rising cost of debt. While the company is planning the GEL 350m bond issuance at TIBR + 300bp to 350bp, Scope has projected the cost of debt based on more conservative assumptions, given the ongoing political tensions in Georgia. The agency's base case does not include severe impacts from the current political situation, which could lead to sanctions on Georgia and significantly restrict international capital inflows. Scope will closely monitor developments and adjust its base case if such material risks arise.

As of May 2025, the National Bank of Georgia has maintained its key policy rate at 8.0%, unchanged since May 2024. While inflation remains below the 3% target, political uncertainties have led the central bank to adopt a cautious stance. The bank has signaled that, if risks subside, it will gradually normalize rates toward a neutral level of 7%. Lower interest rates would support GHG's EBITDA interest cover ratio in the event of further debt issuance.

Scope's assessment of GHG's overall financial risk profile is somewhat constrained by prolonged pressure on FOCF (FOCF/debt sustainably below 5%). This is driven by the company's expansionary capex phase, currently GEL 50m annually, and persistent working capital swings.

Liquidity: adequate. Scope views GHG's liquidity as adequate. Although liquidity cover is below 110%, primarily due to weak to negative FOCF and the absence of committed credit lines, Scope does not foresee refinancing challenges. Key factors supporting this assessment include: i) reduced refinancing needs per annum (the planned bond's bullet structure does not require principal repayments on the refinanced amount for the next four years, but rather repayment of the full principal amount by 2030); and ii) projected cash buffers of at least GEL 5m. The company also has well-established relationships with local banks and international financial institutions, such as the European Bank for Reconstruction and Development and the Asian Development Bank.

Outstanding loans as of now contain credit-related covenants. The most significant covenants relate to i) leverage; ii) interest coverage; iii) liquidity and short-term debt; and iv) required notifications and approvals for additional debt placements. As certain covenants had not been complied with, waivers were required for both 2023 and 2024. These were granted by the financing banks. Scope believes that the company would engage with its lenders in an orderly manner in the event of a foreseeable covenant breach. Considering GHG's established position in the domestic market and its historical relationships with funding partners, continued support from its banks appears likely.

Supplementary rating drivers: credit neutral. The rating has not been adjusted for supplementary rating drivers. While Scope acknowledges the company's limited shareholder distributions, adherence to financial and credit covenants, and commitment to maintaining maximum leverage, the undiversified funding structure and associated refinancing/cliff risk are noted as concerns.

One or more key drivers of the credit rating action is considered an ESG factor.

Outlook and rating sensitivities

The Stable Outlook incorporates Scope's expectation that credit metrics will remain at current levels, with debt/EBITDA of between 4.0x and 5.0x and an EBITDA interest cover of around 2x. The Outlook also reflects the gradual improvement of operations with the EBITDA margin improving to over 20%, which should support better credit metrics over time. The Outlook further incorporates Scope's expectation of full compliance with (financial) covenants.

The upside scenarios for the ratings and Outlook are (collectively):

- 1) Debt/EBITDA of below 4x on a sustained basis
- 2) EBITDA interest cover of above 2x on a sustained basis
- 3) Alleviation of concerns around debt refinancing risk

The downside scenario for the ratings and Outlook is:

1. Debt/EBITDA around or above 5.5x on a sustained basis

Debt rating

In August–September 2025, the Group plans to issue up to GEL 350 million of senior secured bonds. The bonds have been assigned a preliminary rating of (P)BB-. The bond will be secured by the company's immovable properties, along with selected high-value medical equipment, with a total estimated value of approximately GEL 491 million.

The Scope's recovery analysis is based on hypothetical default scenario in 2027, which assumes no outstanding senior secured bank loans that rank senior to the senior secured bond. The analysis indicates excellent recovery expectations for bond, taking into account a reasonable liquidation value at default or about GEL 416 million after administrative claims. However, Scope only provided one notch uplift to the bond rating due to emerging market risk.

Use of Proceeds

The Issuer plans to issue bonds with a nominal value of up to GEL 350 million, from which the net proceeds will be no less than 98.5% of the raised funds. The net proceeds from the offering shall be applied to refinance existing loans and to finance capital expenditures, in line with the Issuer's Social Bond Framework. Out of the total proceeds, GEL 250 million will be used to refinance the Issuer's existing long-term loans within 20 Business Days following the issuance date. GEL 100 million will be allocated to financing capital expenditures in accordance with the Social Bond Framework (out of this amount, GEL 50 million of capital expenditures has already been financed through short-term bridge loans raised in 2025, which will be refinanced by the Bonds).

For more details, please refer to the subsection "Reasons for the Offering and Use of Proceeds."

Auditors of the Issuer and third parties or experts:

Financial Auditor of the Issuer: The financial auditor of the Issuer is “EY” LLC. Identification Number: 204441158. Address: 44 Kote Abkhazi Street, Tbilisi, Georgia; E-mail: Info@ge.ey.com
Financial Auditor of the Issuer has not been changed during the periods presented in the Prospectus.

Depository of the Issuer: Georgian Central Securities Depository JSC (I/N: 204935400); Tel.: (+995 32) 2 50 02 11; Address: Block 10, N71 Vazha-Pshavela Avenue, Saburtalo District, Tbilisi, Georgia;

Bondholder representative: Suknidze and Partners LLC (I/N 405413299), E-mail: office@alfg.ge, Tel.: 551 14 30 66, address: 34, Abashidze street, Tbilisi.

Second Party Opinion (SPO) provider: Scope ESG Analysis GmbH

Natural and legal persons involved in the offering:

Placement Agent 1, Calculation Agent: Galt & Taggart JSC; Identification Number: 211359206; Address: 3, Pushkini Street, 0105, Tbilisi; E-mail: gt@gt.ge; sales@gt.ge; Website: <https://galtandtaggart.com/en>; Tel.: (+995 32) 2 401 111.

Placement Agent 2: TBC Capital LLC, Identification Number: 204929961; Address: 7, Marjanishvili Street, 0102, Tbilisi; E-mail: info@tbccapital.ge; Tel.: (+995 32) 227 27 33.

The Company has entered into the contract with the Placement Agents, the Calculation Agent - Galt & Taggart JSC and TBC Capital LLC. Under the agreements, Galt & Taggart JSC and TBC Capital LLC are obliged to provide underwriting of the Bonds solely on a non-guaranteed basis (under Best Effort terms). The duty of the Placement Agents is to prepare the documents necessary for the placement of the Bonds (including the Bond Prospectus), to act as Placement Agents, and to consult the Company on the matters related to the Bonds issuance, sale and settlement. The duty of Galt & Taggart JSC as the Calculation Agent is to calculate the coupon and the principal amount.

Potential conflict of interest

Conflict of interest associated with the offering

- **The relationship between, on one hand, the Issuer, and, on the other hand, the Placement Agents**

The Issuer and the Placement Agent 1 (JSC Galt and Taggart) are indirectly related; as of the date of the approval of the Prospectus, the ultimate sole owner of the Issuer, JSC Georgia Capital, holds 19.8% non-voting equity interest in Lion Finance Group PLC, the ultimate sole owner of JSC Galt and Taggart. The Issuer considers this to be a non-material circumstance given the non-voting nature of the Issuer’s equity interest in Lion Finance PLC, and the fact that the members of the governing bodies of these companies are fully and completely separated and all the agreements related to the bonds to be issued under this Prospectus are made in accordance with the existing Georgian legislation.

The Issuer and the Placement Agent 2 (TBC Capital LLC) are not related parties and there is no conflict of interest between them.

The Issuer’s auditors and any third parties and/or experts involved in the preparation of the Prospectus, are not related to either the Placement Agent 1 or the Placement Agent 2 and there is no conflict of interest between them.

- **The relationship between the Placements Agents and the potential investors**

There is a possibility that the part of the bonds issued and placed under this Prospectus might be acquired by JSC Bank of Georgia, which is one of the major commercial banks operating in Georgia and is affiliated with the Placement Agent 1; more specifically, the ultimate owner of both, the Placement Agent 1 and JSC Bank of Georgia is Lion Finance Group PLC, a company listed on London Stock Exchange. At the same time, the head of JSC Bank of Georgia's corporate lending direction (which includes both, issuing corporate loans and investing in bonds) supervises the Placement Agent 1 at the group level. Indicated circumstances could create a conflict of interest between the Placement Agent 1, the Issuer, and JSC Bank of Georgia. However, the Issuer believes that the potential conflict of interest is decreased according to the next circumstances:

- (a) The Placement Agent 1 is required under the law, that JSC Bank of Georgia, as well as all the other investors will be treated on equal and equitable terms.
- (b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 1.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 1 and JSC TBC Bank, and between Placement Agent 2 and Investors. However, the Issuer believes the potential conflict of interest is reduced considering the following circumstances:

- (a) Under applicable law, the placement Agent 2 is obliged to treat both JSC TBC Banks and all other investors on basis of equality and equal rights.
- (b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

The Issuer is not aware of any other existing or potential conflict of interest related to the offering.

Brief Information about the Issuer's Business and Material Risk Factors Characteristic of the Offered Securities

Risks specific to industry and economy:

1.1. The risk of economic instability and investment is high in such developing countries as Georgia:

- 1.1.1. Political and governmental instability in Georgia could have a material adverse effect on the local economy and the group's business;
- 1.1.2. There are additional risk factors related to investing in emerging markets such as Georgia;
- 1.1.3. Depreciation of the national currency, GEL, against USD/other currencies of economically related countries may have a material adverse effect on the group's activity;
- 1.1.4. Since the group operates within Georgia, it will be affected by changes in Georgian economic conditions;

1.2. Risks Related to Neighboring Countries and the Region:

- 1.2.1. Regional tensions could negatively impact the local economy and the group's business;
- 1.2.2. Disruption in Neighboring Markets Could Have a Negative Impact on Georgia's Economy;

1.3. Risks Related to Legislative and Judicial System:

- 1.3.1. Challenges related to the harmonization of Georgian legislation with EU legislation, as required by the Deep and Comprehensive Free Trade Area (DCFTA) agreement, may arise;
- 1.3.2. Ambiguity in Georgia's tax system may lead to adjustments in the group's tax liabilities or fines being imposed in the future. Additionally, changes may occur in the tax legislation and policy in Georgia;
- 1.3.3. Uncertainty within Georgia's judicial system, including any arbitrary or inconsistent actions by the state in the future, may negatively impact the local economy, which in turn could harm the group's business;
- 1.3.4. The company may be exposed to litigation risk from its customers, suppliers, and regulator.

1.4. Risks Related to the Regulatory Framework:

- 1.4.1. If the group fails to comply with any current regulations related to money laundering or terrorist financing, or is associated with such activities, this could have a negative impact on the group;
- 1.4.2. The company is a reporting enterprise and is subject to additional legislative and reporting requirements;

Risks Related to the Issuer's Activities

2.1. Risk Related to the Industry and Operations

- 2.1.1 The Group operates in a rapidly changing regulatory environment, which could affect its business model and financial stability
- 2.1.2 failure to meet reaccreditation requirements could result in operational disruptions and exclusion from government healthcare programmes
- 2.1.3 The Group's financial performance is dependent on government healthcare funding and a limited number of private insurers, and any reduction in state funding could negatively impact revenue and profitability
- 2.1.4 Compliance with health, and safety regulations is complex and could lead to increased costs and operational risks
- 2.1.5 The Group competes with both private and state healthcare providers across Georgia, and increased competition could adversely affect its market position
- 2.1.6 The Group may be exposed to liability medical negligence or other types of claims arising from medical negligence or other acts of professional misconduct, reputation and brand strength are critical to the Group's success and any damage could impact the business
- 2.1.7 Reputation and brand strength are critical to the Group's success and any damage could impact the business
- 2.1.8 There is a risk that patients may contract serious infections or communicable diseases at Group's healthcare facilities due to the inherent risks associated with the operation of medical care facilities
- 2.1.9 There is a risk that a failure of the Group's information systems could disrupt its operations

- 2.1.10 The Group's operations depend on the timely renewal and favorable terms of its lease agreements for its polyclinics. Any failure to renew these leases or changes in the terms could disrupt its healthcare services and impact its operational stability
- 2.1.11 Shortage of Qualified Workforce, Labor Disputes, and Strikes May Impede the Company's and Group's Development and Operational Efficiency in the Healthcare Sector
- 2.1.12 The Group's Nurse-Physician Ratio May Impact Operational Efficiency and Profitability in the Healthcare Sector
- 2.1.13 Inadequate insurance coverage of the Group's assets may have a material adverse effect on the Group's solvency

2.2 Risks related to investments, Financing and Liquidity

- 2.2.1. The Group's operations are highly dependent on technological advancements in the healthcare sector, and failure to keep up with these changes, or, on the other hand, cash outflows required to invest in necessary equipment and services, could materially affect its growth prospects and liquidity, respectively
- 2.2.2. Fluctuations in Foreign Exchange Rates Have Impacted and May Continue to Impact the Group's Financial Performance
- 2.2.3. The Group's Business Model Relies on Delayed Reimbursements, and Ineffective Management of Accounts Receivable Could Lead to Liquidity Constraints and Adversely Impact Net Income
- 2.2.4. The Group may breach financial and non-financial covenants under its debt obligations if the bonds are not fully subscribed and bank debt is not fully repaid
- 2.2.5. Group's operating results may not be sufficient to cover interest expenses
- 2.2.6. The Group's Assets Are Encumbered as Security for a Related Party's Debt Obligations, and Enforcement Actions Could Adversely Affect Its Financial Position
- 2.2.7. The Company is a co-borrower, together with an entity under common control, under a loan agreement with an international financial institution. A default by the related party in fulfilling its obligations under the agreement may have a material adverse effect on the Company's financial condition
- 2.2.8. The Company is exposed to interest rate fluctuation risk in connection with its outstanding loan obligations

2.3 Financial Reporting and Accounting Risks

- 2.3.1 If the Company fails to establish an effective internal control system, the accuracy of financial reporting may be compromised.
- 2.3.2 The Group's Financial Performance is Affected by Revenue Adjustments Due to Rebates and Corrections, Which May Impact Profitability and Cash Flow Predictability

2.4 Risks Related to Unforeseen Events

- 2.4.1 Unforeseen events such as natural disasters, emergencies, pandemics, and others may have a significant negative impact on the external advertising and real estate markets, as well as on the Company.

Risks related to the securities to be offered

3.1 Risks Related to the Market Price, Liquidity, and Yield of the Bonds:

- 3.1.1. The market price of the bonds may be subject to fluctuations.
- 3.1.2. There may be no active trading market for the bonds, and this could be further affected by the fact that the bonds are secured.
- 3.1.3. Investors whose financial activities are denominated in a currency or monetary unit other than that of the bonds may receive less interest or principal than expected, as fluctuations in exchange rates or currency control regulations may result in lower interest income or principal repayment than anticipated.

3.2 Risks Related to the Rights of Bondholders

- 3.2.1. The Bonds constitute pari passu securities.
- 3.2.2. There is a risk of non-payment of principal and interest on the Bonds.
- 3.2.3. The interest income on the Bonds may decrease or increase due to changes in the floating interest rate.
- 3.2.4. The transfer of the Bonds is subject to certain restrictions applicable to investors in specific jurisdictions or countries.
- 3.2.5. Certain financial covenants set out in the credit agreement and the terms of the Bonds may not be complied with.

- 3.2.6. The existing financial restrictions under the Bonds may prove insufficient to protect investors.
- 3.2.7. In the future, the terms of the Bonds may be amended or rights arising from a breach of such terms may be waived.
- 3.2.8. The Bonds are subject to a call option, which entails certain risks for investors.
- 3.2.9. The joint and several surety, mortgage and pledge entails various risks, including those associated with formalization of the surety agreement, mortgage agreement and pledge agreement.
- 3.2.10. The security for the Bonds may be adversely affected by pre-existing or tax-related mortgages or pledges granted in favor of third parties.
- 3.2.11. If the mortgage or pledge is not duly registered in accordance with applicable procedures, bondholders will rank as unsecured creditors.

3.3 Risks Related to the Legislative and Regulatory Framework Governing the Bonds and Their Ownership

- 3.3.1. Any future changes in the legislation of Georgia may have a material adverse effect on the Bonds, including their registration on the Georgian Stock Exchange and the taxation of income derived from holding the Bonds.
- 3.3.2. Investors must rely on the procedures of the depository, the calculation agent, the bondholders' representative and, where applicable, the account operator for the Bonds.
- 3.3.3. Investment in the Bonds requires consideration of legal issues relating to the lawfulness of the investment.
- 3.3.4. Applications for the purchase of Bonds may be satisfied only in part.
- 3.3.5. There is a potential conflict of interest between the Company and Placement Agent 1, as well as between Placement Agent 1 and JSC Bank of Georgia.
- 3.3.6. There is a potential conflict of interest between the Company and Placement Agent 2, as well as between Placement Agent 2 and JSC TBC Bank.

Risk factors

Investing in Bonds involves certain risks. Before deciding on the investment, potential buyers of Bonds must read this Prospectus attentively. Apart from other information provided in the Prospectus, potential investors must, before investing in the Bonds, thoroughly study, in the light of their own financial condition and investment goals, the risks described below. Any of the risks described below may have a material adverse effect on the Company's activity, financial condition and results of operation, also – market value of the Bonds. The indicated risk factors, jointly or separately, may have a significant adverse impact on the Company's ability to repay the principal amount of the Bonds, as well as interest and other amounts accruing in connection with the Bonds. In addition, the below are risk factors that are important in evaluating the market risks associated with the Bonds that may adversely affect the market value of the Bonds. Although the Company believes that the risk factors described below represent the principal risks associated with investing in the Bonds, there may exist or arise additional risks, uncertainties or unforeseeable circumstances that the Company does not consider to be significant or of which the Company has no information. Any such risk, uncertainty or circumstance could adversely affect the Company's business operations and have an adverse effect similar to that described below. Accordingly, the risk factors set forth below in connection with holding the Bonds are not exhaustive.

1. Risks specific to industry and economy

1.1. The risk of economic instability and investment is high in such developing countries as Georgia:

1.1.1. Political and governmental instability in Georgia could have a material adverse effect on the local economy and the group's business

Since restoration of its independence in 1991, Georgia has experienced substantial political transformation from being a "union republic" of the Soviet Union to an independent, sovereign democracy.

Currently, Georgia is facing several challenges, including the continued strained relationship with Russia and the need for further economic and political reforms. There can be no assurance that political and/or economic, business and investor-friendly reforms will continue or that these efforts will be successful; Also, such reforms and economic growth may be hindered by a change of government and/or refusal of the President, Parliament or other institutions to pursue reform policies.

Moreover, in the parliamentary elections held on October 26, 2024, "Georgian Dream" secured 89 mandates in the 150-member parliament, while four opposition parties obtained a total of 61 mandates: "Coalition for Change: Gvaramia, Melia, Girchi, Droa" (19 mandates), "Unity-National Movement" (16 mandates), "Strong Georgia-Lelo, For the People, For Freedom" (14 mandates), and "For Georgia-Gakharia" (12 mandates). The opposition refused to recognize the election results and boycotted the parliament, entering a protest mode. Additionally, three of these opposition parties formally requested the Central Election Commission to annul their parliamentary mandates. In response, the Commission revoked the registration of all three political entities.

Subsequently, a new wave of protests was triggered by the government's decision to postpone negotiations with the European Union until 2028, as approximately 85% of Georgia's population supports EU membership. During the prolonged protests, the U.S. Department of the Treasury imposed sanctions on Georgia's Minister of Internal Affairs, Vakhtang Gomelauri, and other high-ranking officials. Later, the U.S. Treasury Department also imposed financial sanctions on Bidzina Ivanishvili, the founder and honorary chairman of "Georgian Dream." Political uncertainty remains high, and any further political instability or additional sanctions—particularly targeting business representatives—could negatively impact the country's economic growth, including the investment climate and private sector activities. Political instability and the failure of economic reforms could have an adverse effect on Georgia's economy, which, in turn, would negatively impact the company's business, financial position, operating results, and growth prospects.

1.1.2. There are additional risk factors related to investing in emerging markets such as Georgia;

Developing markets are marked with a higher degree of instability, limited liquidity, smaller export base and they are more susceptible to frequent changes in political, economic, social, legal and regulatory environment than developed markets. Developing markets change quickly and are especially vulnerable to market conditions and an economic downturns elsewhere in the world.

In addition, international investors may react to events, disfavoring an entire region or class of investment, a phenomenon known as the “contagion effect”. If such a contagion effect occurs, Georgia could be adversely affected by negative economic or financial developments in other emerging market countries. Georgia has been adversely affected by contagion effects in the past, including following the 1998 financial crisis in Russia and later global financial crisis and may be affected by similar events in the future.

Moreover, a financial and political instability may also adversely affect the country’s economy. If this happens, the outflow of capital will ensue which may seriously damage the financial system and eventually lead the economy to stagnation.

The following rating has been assigned to Georgia by international rating agencies:

- Fitch Ratings – BB (Negative Outlook) - December, 2024;
- Moody’s – Ba2 (Negative Outlook) - March, 2025;
- S&P Global Ratings – BB (Stable Outlook) - February, 2025.

1.1.3. Depreciation of the national currency, GEL, against USD/other currencies of economically related countries may have a material adverse effect on the Company’s activity

Due to the nature of its operations, the company is exposed to foreign exchange risk, as its revenues are denominated in GEL, whereas its financial liabilities are partially denominated in USD and EUR (for details on the company's financial assets and liabilities' foreign exchange position, see the chapter "Operational Results," subsection "Risk Management"). In addition to this, the depreciation of the GEL may have a negative impact on the company’s operations due to the deterioration of fundamental economic factors (e.g., rising inflation) and its effect on local purchasing power, among other reasons.

Although the GEL is fully convertible, there is no foreign exchange market for its conversion outside of Georgia. In Georgia, a market exists for converting GEL into other currencies, but its volume is relatively limited. Generally, the official exchange rate of the GEL in Georgia is formed against the USD, while the GEL/EUR exchange rate is influenced by fluctuations in both the GEL/USD and EUR/USD exchange rates.

According to the National Bank of Georgia, its international reserves amounted to USD 4.4 billion as of December 31, 2024, reflecting an annual decrease of 11.2%. The current level of reserves is assessed as inadequate by the International Monetary Fund. Consequently, replenishing these reserves is a key priority for the National Bank of Georgia, as investors, credit organizations, and other stakeholders monitor reserve levels to evaluate the country’s ability to mitigate the negative effects of external shocks, including one-time attacks on the GEL exchange rate.

Over the years, the exchange rate of the Georgian Lari (GEL) against the US Dollar (USD) has significantly fluctuated due to external shocks and seasonal factors. During periods of external crises, there has also been a weakening of the Euro against the US Dollar. Notable instances include: 2015 Global Shock in Oil and Industrial Goods Prices - During this period, the GEL depreciated more against the USD than the Euro did, which eventually led to the depreciation of the Lari against the Euro, but to a lesser extent. 2020 COVID-19 Pandemic - The exchange rate reached a historic high, with 1 USD equaling 3.48 GEL. The Euro depreciated against the USD in the first half of the year, then strengthened, which significantly weakened the GEL rate against the Euro. 2022 Russian Invasion of Ukraine - In the initial phase of the Russia-Ukraine war, GEL, along with other regional currencies, began to depreciate unexpectedly. Between February 24 and March 10, 2022, the Lari depreciated by 12.8% against the USD, with the exchange rate reaching 3.40 GEL per 1 USD. However, during the same period, the Euro also significantly depreciated against the USD, and there was no major depreciation of GEL against the Euro. In the following months of 2022, the Georgian economy demonstrated resilience to regional shocks, maintaining capital inflows and domestic activity levels, which led to the Lari strengthening, with an annual increase of 12.8% against the USD by December 31, 2022. During this period, the Euro remained depreciated against the USD, positively affecting the Lari/Euro exchange rate. Throughout 2023, the Lari slightly depreciated against the Euro, primarily due to the Euro strengthening against the USD. The Lari

maintained stability against the USD throughout 2023, positively influenced by high capital inflows and the strict monetary policy implemented by the National Bank of Georgia, which included raising the refinancing rate to 11.0% in 2022. Additionally, amidst sharply increased foreign inflows, the National Bank replenished its reserves - net foreign exchange purchases by the National Bank amounted to 564.5 million USD in 2022. The replenishment of reserves continued in 2023, with the National Bank purchasing 1,474 million USD and selling 194.9 million USD, resulting in an annual increase of 2.2% in international reserves, reaching 5.0 billion USD in 2023. As for 2024, despite stable foreign exchange inflows, significant one-time attacks were carried out against the depreciation of the lari exchange rate amid political uncertainties in May-June and September-October. In particular, due to the uncertainties arising in the pre-election period, the National Bank had to sell USD 591.1 million in October 2024 to relieve the depreciation pressure on the lari. Overall, in November 2024, the National Bank of Georgia sold USD 917.4 million on the foreign exchange market and purchased USD 454.0 million.

The exchange rate of the GEL against the Euro is not only influenced by the GEL/USD exchange rate, but the latter's changes are also very important. Any instability of the GEL depends on various political and economic factors, including the inflation control measures by the National Bank. According to the National Statistics Office of Georgia (Geostat), the average annual consumer price inflation in Georgia was 4.9% in 2019, 5.2% in 2020, 9.6% in 2021, 11.9% in 2022, and 2.5% in 2023. Amid globally rising prices for food products and energy carriers, inflationary pressure significantly increased from the spring of 2021, reaching an annual inflation rate of 11.9% in July 2021. In response to rising inflation, the National Bank raised the monetary policy rate four times from March to December, cumulatively by 250 basis points to 10.5%. At the beginning of 2022, due to the base effect from the previous year and further rising prices for food and energy carriers caused by the Russia-Ukraine war, inflation continued to rise. From the spring of 2022, rising rents became an additional factor, largely driven by increased demand for real estate from migrants. The average annual inflation in 2022 was 11.9%. In response to persistently high inflation, the National Bank raised the refinancing rate by another 50 basis points in March 2022, reaching 11.0%, and maintained this level until May 2023. Some periods when high inflation was mainly driven by external factors, but during those times, tightening monetary policy helped the National Bank somewhat manage the inflation level, despite the fact that the National Bank mostly responds to inflationary pressures arising from demand factors. When domestic factors' contribution to inflation increased, the tightened monetary policy significantly helped the National Bank return inflation to its target level. From March 2023, inflation began to sharply decrease, falling below the 3.0% target level from May. In December 2023, inflation was 0.4%. Low inflation was also maintained at a stable 1.1% level in 2024. The reduction in inflation was mainly influenced by falling prices for food and oil on global markets, a decrease in international transportation costs, the strengthening of GEL, tight monetary policy, and a reduction in the fiscal deficit. After inflation fell below its target level, the National Bank began easing monetary policy, reducing the refinancing rate cumulatively by 300 basis points to 8.00% from May 2023 to May 2024. Maintaining inflation at its target level is crucial for the stable development of the economy. High inflation can cause instability in the currency and financial markets, reduce consumers' purchasing power, and decrease their confidence. All this can lead to a deterioration of Georgia's economic indicators and significantly negatively impact the company's clients, which in turn would negatively affect the company.

It is also noteworthy that in October 2023, the Israel-Palestine conflict began in the Middle East. There is a risk that this could escalate into a large-scale war. The realization of this risk could lead to rising prices for food, oil, and other raw materials on international markets, disruptions in cargo shipments, slowing global trade turnover, and most of the world's economies entering a recession. The direct and indirect effects of these processes on Georgia's economy could be significantly negative - leading to accelerated inflation, depreciation of GEL, deterioration of fiscal and financial indicators, and ultimately a decrease in economic growth.

1.1.4. Since the group operates within Georgia, it will be affected by changes in Georgian economic conditions;

The group's revenues are fully dependent on Georgia. Therefore, the Company's performance is significantly affected by financial and economic developments taking place in or related to Georgia and these effects will continue in the future. Factors such as gross domestic product (GDP), inflation, interest and currency exchange rates, as well as unemployment, personal income and the financial situation of companies, have a material impact on customer demand for products and services of the group.

The crisis caused by the COVID-19 pandemic had a significant negative impact on Georgia's economy, particularly affecting the tourism sector, which plays a substantial role in the country's economy. According to Geostat data, Georgia's economy contracted by 6.3% in 2020 compared to 2019.

In addition, with the gradual lifting of restrictions imposed to manage the pandemic, Georgia's economic recovery began in March 2021. In 2021, the economy grew by 10.6% compared to 2020, and by 3.7% compared to the 2019 level. At the beginning of 2022, the Russia-Ukraine war increased uncertainty, disrupted trade, and raised raw material prices, which had particularly adverse effects on the region. The anticipated negative outcomes of the war on the Georgian economy led to a deterioration in growth expectations. Nevertheless, as Georgia's economy demonstrated resilience to regional shocks and maintained levels of capital inflow and economic activity, growth expectations began to improve. Tourism started to recover steadily alongside the growth of exports, driven by increased raw material prices and rising re-exports. Domestic demand remained strong, supported by healthy growth in the total credit portfolio and fiscal spending. Based on Geostat data, the annual growth of real GDP in 2022 was 11.0%, primarily driven by record-high foreign currency inflows. Some of these inflows were related to the relocation of capital by migrants to the region, including Georgia, following the onset of the Russia-Ukraine war. In the context of stable external inflows and rapidly decreasing inflation, high economic growth continued in 2023 and 2024. Georgia's economy grew by 7.8% year-on-year in 2023. Based on preliminary Geostat data, the Georgian economy grew 9.9% in 2024 between January and September. For information, Georgia's economy grew by 5.0% in 2019, by 4.8% in 2018 and 2017, and by an average of 3.0% in 2015 and 2016.

Georgia's economic growth prospects still face significant risks, including exchange rate volatility, weakening financial stability, inflation, budget performance, and capital outflow risks. Additionally, frequent political instability negatively affects economic growth, potentially delaying foreign investment in the country. Market crises and economic deterioration in Georgia could lead to reduced consumer spending and seriously impact the liquidity and financial condition of the Company's customers in Georgia. An unstable global economic environment could lead to significant political and macroeconomic changes worldwide, which, in turn, would significantly affect Georgia's economy and consequently have a negative impact on the group's business, financial condition, and operational results.

1.2. Risks Related to Neighboring Countries and the Region:

1.2.1. Regional tensions could negatively impact the local economy and the Company's business;

Georgia borders Russia, Azerbaijan, Armenia, and Turkey, and political tensions within its borders and in neighboring countries could adversely affect it. Since gaining independence in 1991, Georgia has had conflicts with the separatist regions of Abkhazia and Tskhinvali/South Ossetia and with Russia. The conflict in the Tskhinvali region/South Ossetia escalated in August 2008, with Georgian military forces engaging in battle with local armed groups and the Russian army, leading to a declaration of martial law by Georgia. Tensions regarding these regions persist, as the Russian army controls Abkhazia and the Tskhinvali region/South Ossetia and recognizes their independence. Although the Georgian government has taken steps to improve relations with Russia, these efforts have not yet resulted in any official or legal changes in their relations.

Since July 8, 2019, direct flights from Russia to Georgia have been banned, impacting the tourism sector. The reduction in tourist flows from Russia significantly affected the foreign exchange market. According to the National Bank of Georgia, the country received approximately \$300 million less in tourism revenue than expected due to the ban on direct flights from Russia. Despite this shock, Georgia's external balance improved in 2019 compared to 2018.

Additionally, the Armenia-Azerbaijan war from September to October 2020 negatively affected the economic conditions of the region. Although a ceasefire agreement was signed in Moscow on October 10, 2020, Armenia and Azerbaijan reported city bombings by each other on October 11. Azerbaijan accused Armenia of attacking major cities overnight, violating the ceasefire agreement reached in Moscow on October 10. Ultimately, a ceasefire agreement was reached on November 10. Another escalation in the border conflict between Armenia and Azerbaijan was recorded on September 12, 2022. On September 14, through the mediation of the European Council, the parties agreed to a ceasefire. Currently, the situation is stabilized, and negotiations are ongoing regarding border delineation, reducing the likelihood of future escalations at this stage.

The Russian invasion of Ukraine in February 2022 could also significantly negatively impact Georgia's economy. The ongoing war in Ukraine has already caused a humanitarian crisis and enormous economic damage not only to the countries involved in the war but also to the region and the global economy. From the beginning of the war, the United States and the European Union imposed numerous sanctions on Russia, aiming to increase pressure on Russia to stop its military actions. It is expected that the negative effects of this large-scale military conflict will harm the regional and global economy through raw material markets, trade, and financial channels. Fuel and food prices have risen since the beginning of the war, further exacerbating already rising inflation. In response to increased price pressures, Western central banks raised interest rates through the end of 2023, complicating the global financial situation. Further escalation of the Russia-Ukraine conflict, additional sanctions on Russia, increased uncertainty, rising political and economic instability in the region, and any future deterioration in relations between Georgia and Russia could negatively impact Georgia's political and economic stability.

In June 2025, the several-day military confrontation between Israel and Iran created significant uncertainty worldwide, which immediately caused oil prices to rise, led to problems in supply chains, and sparked inflationary expectations. Against this backdrop, many countries around the world could have slipped into recession. Given that Georgia has economic ties with both Israel and Iran, in the event of a prolonged conflict, the direct and indirect effects on Georgia's economy would have been noticeable — causing accelerated inflation, depreciation of the Georgian Lari, deterioration of fiscal and financial indicators, and ultimately, substantial economic losses.

Various circumstances could also affect Georgia's political and economic stability, including:

- Deterioration of relations between Russia and Georgia, including issues related to border and territorial disputes;
- Changes in Georgia's importance as a transit country for energy carriers;
- Changes in the amount of aid provided to Georgia or the ability of Georgian producers to access global export markets;
- Significant deterioration in relations between the countries of the region;
- Worsening economic and financial conditions in the countries of the region.

1.2.2. Disruption in Neighboring Markets Could Have a Negative Impact on Georgia's Economy;

Georgia's economy is closely linked with the economies of the countries in its region (Azerbaijan, Armenia, Russia, Turkey). Historically, Azerbaijan and Armenia have been two of the largest markets for Georgia's exports. According to Geostat, their share of Georgia's total goods exports was 13.4% and 11.4% respectively in 2019. In the post-pandemic period, Azerbaijan's share slightly decreased, while Armenia's share significantly decreased in Georgia's total goods exports, accounting for 12.5% and 6.0% respectively in 2021. In 2022, Azerbaijan's share further decreased, while Armenia's share significantly increased, accounting for 12.0% and 10.5% respectively. In 2023, the shares of both countries increased, with Azerbaijan's share at 14.2% and Armenia's share at 12.9% of total exports. Between January-September 2024, Azerbaijan and Armenia accounted for 11.2% and 9.4% of Georgian exports respectively. Russia is also one of the largest markets for Georgia's exports. According to Geostat, Russia's share of total goods exports was 13.1% in 2019, 13.2% in 2020, 14.4% in 2021, 11.5% in 2022, 10.8% in 2023, and 10.6% in January-September 2024. Turkey is the largest import market for Georgia, with its share of Georgia's total goods imports at 17.0% in 2019, 17.5% in 2020, 18.1% in 2021, 17.5% in 2022, 16.6% in 2023, and 16.4% in January-September 2024. Ukraine is also an important trade partner, with its share of exports at 7.2% and imports at 4.5% in 2021. Since the start of the Russia-Ukraine war, Georgia's trade turnover with Ukraine has significantly decreased, with Georgia's exports to Ukraine accounting for 4.2% of total exports in 2022, which further decreased to 1.7% in 2023. Therefore, significant dependence on the countries in the region and potential political and economic challenges in these countries pose potential obstacles to further economic growth. Throughout 2022, Georgia's economic dependence on Russia in terms of tourism and remittances increased significantly, largely due to the wave of Russian migrants following the start of the Russia-Ukraine war. While tourism revenues and remittances from Russia accounted for 3.0% of GDP in 2021, this figure increased to 11.8% in 2022, reduced to 8.0% in 2023, and further slowed to 4.7% in January-September 2024. Such high dependence on a single country carries risks, as the cessation of these inflows could significantly damage the country's economy, which in turn would have a materially negative impact on

the Company's business, financial condition, and operational results. Any further economic downturn or crisis in Georgia's neighboring countries could have a strongly negative impact on the country's economy.

1.3. Risks Related to Legislative and Judicial System:

1.3.1. Challenges related to the harmonization of Georgian legislation with EU legislation, as required by the Deep and Comprehensive Free Trade Area (DCFTA) agreement, may arise;.

On June 27, 2014, Georgia signed the Association Agreement with the European Union (hereinafter referred to as the “Association Agreement”) and established a Deep and Comprehensive Free Trade Area with the EU, which entails the liberalization of bilateral trade with the EU. It is expected that the implementation of the Association Agreement signed with the EU will create new opportunities for businesses, but it may also pose challenges for enterprises, households, and the state. For the implementation of the Association Agreement and the Deep and Comprehensive Free Trade Area Agreement signed with the EU, Georgia needs to harmonize its legislation with EU trade and sectoral legislation, which involves challenges, especially in the areas of environmental protection and consumer safety, including product and information safety. As a result, significant changes have been made or may be made to corporate law and securities market legislation in the context of the legislative requirements applicable to the issuer's activities:

- **Law of Georgia on Entrepreneurs:** On August 2, 2021, the Parliament of Georgia adopted a new edition of the Law of Georgia on Entrepreneurs, which came into force on January 1, 2022. The updated legislation significantly affected the legislative regulation of enterprise registration, founding documents, corporate governance, and other issues. Regarding enterprise management, the law also prominently presents modern principles of corporate governance. Under the updated law, distinctions are made between types of equity, the concept of a business letter is introduced, the legal nature of the relationship between the director and the enterprise is clarified, etc.
- **Securities Market Legislation:** Within the framework of the Association Agreement, the legislation related to securities is being harmonized with EU legislation. For instance, a series of changes were implemented in the regulatory framework for securities in 2020, serving the goal of harmonization. Among these, the National Bank of Georgia approved a rule prohibiting insider trading, market manipulation, and unlawful disclosure of insider information. Additionally, the transparency framework for public securities issuers was refined, requirements for the submission and publication of annual and semi-annual reports were defined, as well as other information in cases specified by Georgian legislation.

Furthermore, since Georgia became a member of the World Trade Organization in 2000, it has gradually harmonized its trade sector legislation with EU norms and practices. For example, changes made to the Labor Code in 2013 required employers to compensate for overtime hours worked, provide severance pay (one or two months' salary), establish workers' rights to appeal employers' decisions in court in cases of dismissal without clear reasons, and create guaranteed basic working conditions.

Additionally, there may be other changes in government policy, including changes in the implementation or approach to previously announced government initiatives. Moreover, the implementation of the Association Agreement signed with the EU may impose a significant burden on regulatory bodies, divert their resources from ongoing reforms to other directions, and slow down their efficiency.

To achieve harmonization with EU legislation or as a result of other implemented or anticipated changes, the company may be required to change its policies and procedures to comply with any changes in laws and regulations. For example, the company has made changes to its employment contracts to reflect the aforementioned changes made to the Labor Code. The company expects further legislative changes, but it cannot predict how these changes will impact it or how well it will be able to comply with any such changes.

1.3.2. Ambiguity in Georgia's tax system may lead to adjustments in the company's tax liabilities or fines being imposed in the future. Additionally, changes may occur in the tax legislation and policy in Georgia;

Compared to more developed market economies, Georgia's tax legislation has not been in place for a long time. This creates problems in complying with tax legislation as it is ambiguous or subject to different interpretations, posing a risk that attempts to comply with tax legislation may be questioned by tax authorities.

Furthermore, the tax legislation is subject to changes and additions, which may create unusual difficulties for the company and its operations. A new tax code came into force on January 1, 2011. Different opinions exist regarding the interpretation of various provisions of the tax code among government ministries and agencies, including tax authorities, creating uncertainty, inconsistency, and conflicting situations. Additionally, the tax code provides for the issuance of preliminary tax decisions by the Georgian tax authorities on tax issues raised by taxpayers. While the company believes that it currently complies with tax legislation, it is possible that relevant authorities may take a different position on its interpretation, which could lead to tax adjustments or fines. There is also a risk that regular tax audits could result in fines and penalties for the company.

Moreover, tax legislation and government tax policy may change in the future, including as a result of a change in government. Such changes could include the introduction of new taxes or an increase in the rates of taxes applied to the company or its customers, which in turn could have a serious negative impact on the company's business.

Changes to the corporate income tax rules came into effect in May 2016. Only distributed profits, defined as monetary or non-monetary dividends distributed among owners - individuals or non-resident legal entities - are subject to taxation; reinvested profits are no longer taxed. It should be noted that this change does not apply to companies in the financial sector, which continue to be taxed using the old method (at a rate of 20% of taxable profits). All significant changes to the tax code came into effect on January 1, 2017.

1.3.3. Uncertainty within Georgia's judicial system, including any arbitrary or inconsistent actions by the state in the future, may negatively impact the local economy, which in turn could harm the company's business;

In Georgia, the development of an adequate legal framework and judicial system necessary for the proper functioning of a market economy is still ongoing. Over the past few years, fundamental civil, tax, administrative, and other basic legislation have been introduced or significantly changed. The novelty of this legislation and the rapid development of the legislative system have led to doubts about the quality and enforceability of the laws, as well as uncertainty and inconsistency in their application.

Additionally, Georgia's judicial system suffers from a shortage of sufficient staff and professionals, and significant reforms are underway. Compared to other countries, particularly the US and European countries, judges and courts in Georgia generally have less experience in business and corporate law. The challenges and uncertainties within Georgia's judicial system could negatively impact the country's economy, which in turn could have a significant adverse effect on the company's business, financial condition, and operating results.

1.3.4. The company may be subject to legal proceedings risk from its customers, suppliers, and regulators;

The company is associated with a wide range of stakeholders, including relevant regulatory authorities, the government, customers, and suppliers. In the event that the company fails to fulfill its contractual obligations, it may be subject to legal proceedings risk, which could negatively impact its reputation and operational activities. As of the date of this prospectus, the company has not been involved in any legal disputes that would have a significant effect on its financial condition or reputation (for additional information regarding ongoing legal disputes, please refer to the section "Legal Proceedings"); however, there is no guarantee that such disputes will not arise in the future.

1.4. Risks Related to the Regulatory Framework:

1.4.1. If the Group fails to comply with any applicable regulations related to money laundering or terrorist financing, or if the company becomes associated with such activities, this may have a negative impact on the company.

While the Group complies with all applicable laws aimed at preventing the use of the company as a means for money laundering, there is no guarantee that these measures will be fully effective. If in the future the Group fails to meet timely reporting requirements or other anti-money laundering regulations, or if it becomes associated with money laundering or terrorist financing activities, this may have a material adverse effect on the company. Additionally, involvement in such activities may result in regulatory fines and sanctions.

1.4.2. Following the issuance of the bonds and the public offering, the company will become a reporting entity and will be subject to additional regulatory and reporting requirements.

Following the issuance of the bonds and the public offering, the company will become a reporting entity as defined by the Law of Georgia on the Securities Market (“Securities Market Law”). The Securities Market Law establishes certain consent and transparency requirements for reporting entities and sets specific reporting obligations.

A reporting entity is required to submit, publish, or provide to its securities holders annual, semi-annual, and current reports to the National Bank of Georgia. If the bonds are traded on the Georgian Stock Exchange or the Tbilisi Stock Exchange, this information must also be provided to the respective exchange. The National Bank of Georgia is authorized to request additional information from the reporting entity.

The requirements imposed on reporting entities may create an additional burden for the company, and in some cases, the company may not be able to fully comply with these requirements.

2. Risks Related to the Issuer's Activities

2.1. Risk Related to the Industry and Operations

2.1.1 The Company operates in a rapidly changing regulatory environment, which could affect its business model and financial stability

The Group operates within a dynamic and evolving regulatory landscape that has undergone significant changes since Georgia’s independence. Over the years, healthcare sector reforms have reshaped operational and compliance requirements for industry participants. Notable regulatory shifts include the introduction of the Universal Healthcare Programme (UHC) in 2013, the Diagnosis-Related Groups (DRG) system in 2022, Hospital Bed limitations in 2023 and the upcoming accreditation mandates set to take effect in 2025. These changes create an environment of uncertainty, as future amendments to government policies and healthcare regulations may introduce new operational constraints, impose additional compliance obligations, or materially affect the Group’s financial performance. The unpredictability of legislative developments presents a risk that the Group may need to rapidly adapt to unforeseen regulatory changes, which could result in increased costs, delays in implementation, or potential limitations on the scope of its business activities. Furthermore, regulatory reforms may alter the competitive landscape, requiring market participants to invest in new systems, staff training, or infrastructure upgrades, thereby influencing profitability and strategic positioning.

In 2022, revenues in the healthcare sector stabilized, with the net profit margin normalizing at 8% and the EBITDA margin improving to approximately 15%. However, profitability declined in 2023, with the net profit margin falling sharply to 0.2%, marking a significant decrease compared to the 8% margin recorded in 2022. This contraction is attributable to both post-pandemic normalization effects and an increase in operating and capital expenditures. The latter was primarily driven by new accreditation-related requirements and corresponding investments in infrastructure, medical equipment, and quality standards. The EBITDA margin also declined to 12% in 2023, compared to 15% in 2022 and 25% in 2021, reflecting rising pressure on operational efficiency.

For more details about the recent changes in regulatory environment, please refer to – “*Regulatory Overview*”.

2.1.2 Failure to meet reaccreditation requirements could result in operational disruptions and exclusion from government healthcare programmes

In response to evolving healthcare sector reforms, the Georgian government has mandated that all medical institutions participating in the Universal Healthcare Program obtain international accreditation by specified deadlines in 2025. Inpatient hospitals must achieve accreditation by May 1, 2025, while outpatient clinics, day hospitals, and laboratories must comply by December 31, 2025. Additionally, medical laboratories are required to obtain ISO 15189 certification unless they have already secured international accreditation. At this moment, all GHG facilities have obtained all the relevant international accreditations.

However, these accreditations are granted for fixed terms and require periodic renewal. For example, JCI accreditation is valid for three years, while AACI accreditation involves annual compliance surveys and full recertification every three years. KTQ, ISO 9001:2015, ISO 15189, and other certifications also require ongoing compliance monitoring and periodic reassessment. Maintaining accreditation therefore entails continuous adherence to applicable quality standards, readiness for interim reviews, and timely preparation for renewal audits.

Any failure to meet reaccreditation obligations whether due to operational shortcomings, changes in accreditation standards, or other factors could result in the suspension or loss of operating licenses, exclusion from state healthcare programs, and reputational harm.

For more details, please refer to – “*Regulatory Overview*” and “*Significant Agreements – Accreditations*”.

2.1.3 The Group’s financial performance is dependent on government healthcare funding and a limited number of private insurers, and any reduction in state funding could negatively impact revenue and profitability

A significant portion of the Group’s revenue is derived from the state healthcare funding, which accounted for 54% of total revenue in 2024, down from 56% in 2023. The Group also relies on a limited number of private insurance providers. This high dependence on state funding exposes the Group to financial risks associated with potential reductions in government healthcare expenditures. Budgetary constraints or shifts in government policy could lead to lower reimbursement rates, stricter eligibility criteria, extended payment timelines, or increased patient co-payments, all of which could negatively impact cash flow and overall financial performance.

If the government reduces funding for the UHC or imposes additional restrictions on reimbursement, the Group may experience a decline in patient volumes, as individuals could delay or forgo medical treatment due to higher out-of-pocket expenses. Furthermore, a decrease in state reimbursements without a corresponding reduction in operational costs could put pressure on profitability and limit the Group’s ability to invest in infrastructure, quality improvements, and service expansion. Any significant decrease in government support could present long-term challenges to the Group’s growth, financial stability, and ability to provide high-quality healthcare services.

2.1.4 Compliance with health, and safety regulations is complex and could lead to increased costs and operational risks

The Group operates in a highly regulated industry where adherence to health, safety and environmental standards is critical. These regulations cover a wide range of areas, including the management of hazardous substances, disposal of medical waste, infection control, and workplace safety protocols. Compliance failures—whether intentional or inadvertent—could result in severe financial penalties, operational disruptions, reputational damage, and potential legal liabilities. Regulatory oversight in the healthcare sector is stringent, with authorities conducting periodic inspections to ensure compliance with evolving standards. The Group may face challenges in fully aligning its operations with regulatory expectations, particularly if new or more stringent EHS regulations are introduced. The costs associated with implementing necessary changes to maintain compliance, including employee training, facility modifications, or investments in sustainable waste management systems, could place additional financial strain on the Group. Any failure to comply with these standards could result in enforcement actions, fines, or the suspension of certain business operations, ultimately impacting the Group’s long-term sustainability.

2.1.5 The Group competes with both private and state healthcare providers across Georgia, and increased competition could adversely affect its market position

The Group operates in a highly competitive healthcare services industry in Georgia, facing competition from a large and predominantly fragmented group of private and state-owned providers in both the hospital (inpatient) and ambulatory clinic sectors. Key competitors include Gudushauri-Chachava, Aversi, and New Hospitals, among others. Competition is based on factors such as reputation, clinical excellence, patient satisfaction, and pricing, with the strongest competitive pressures present in Tbilisi, although similar challenges exist across all regions where the Group operates.

In addition to general healthcare providers, the Group also competes with specialized stand-alone centers and laboratories in areas such as cardiology, oncology, urology, and diagnostics. While state-owned hospitals and ambulatory clinics are fewer in number and have a more limited reach, they still represent a competitive presence in the market. Moreover, the potential entry of international healthcare providers with significantly greater resources could intensify competition, either by establishing operations in Georgia or by drawing patients abroad through medical tourism. Competitors may pursue consolidation, strategic alliances, or aggressive pricing strategies to expand market share, which could put pressure on the Group's financial performance, limit growth opportunities, and impact its ability to maintain a leading position in the industry.

For more details, please refer to – “*Industry Overview*” and “*Competitors*”.

2.1.6 *The Group may be exposed to liability medical negligence or other types of claims arising from medical negligence or other acts of professional misconduct, reputation and brand strength are critical to the Group's success and any damage could impact the business*

The Group's healthcare services rely on the expertise and professionalism of its medical personnel. However, instances of medical negligence, errors in diagnosis or treatment, or other acts of professional misconduct could result in claims or legal actions against the Group. Patients or their families may seek compensation for harm allegedly caused by the Group's medical staff, leading to financial liabilities, reputational damage, and regulatory scrutiny.

As of the date of this Prospectus, the Group is involved in a number of ongoing legal proceedings. These claims are primarily related to disputes with various state agencies—including the LEPL Social Service Agency, LEPL National Health Agency, and the Agency for Regulation of Medical and Pharmaceutical Activities—regarding state healthcare program audits, imposed fines, and denied reimbursements. The most material lawsuit has been filed by former shareholders of “Imedi L International” against the Group entities, alleging coercion in the signing of a share purchase agreement. The claim value of this proceeding is approximately USD 17.14 million. While management believes that the Group has valid legal grounds in all cases and is adequately addressing all claims, unfavorable outcomes particularly in high-value disputes may adversely affect the Group's financial performance, operational flexibility, and reputation.

Additionally, prolonged litigation or regulatory investigations could disrupt operations and negatively impact patient trust. Any such incidents could materially and adversely affect the Group's financial position, reputation, and ability to attract and retain patients. For further details, please refer to *Litigations*.

2.1.7 *Reputation and brand strength are critical to the Group's success and any damage could impact the business*

The Group's success is closely tied to the strength of its reputation and the recognition of its brands, including Evex, Mega-Lab and Vian. The ability to attract and retain patients, as well as secure insurance customers, depends heavily on maintaining a strong public perception of high-quality healthcare services. Any events that negatively affect the perceived or actual quality of GHG's services, such as malpractice incidents, patient infections, or wrongful denial of insurance claims, could damage the Group's reputation and standing within the Georgian healthcare industry.

2.1.8 *There is a risk that patients may contract serious infections or communicable diseases at the Group's healthcare facilities due to the inherent risks associated with the operation of medical care facilities*

The Group's healthcare facilities, like all medical care institutions, face inherent risks associated with the transmission of infections or communicable diseases. Despite the implementation of stringent infection control protocols and procedures, patients may contract

serious infections while receiving medical care. These risks may arise from hospital-acquired infections, cross-contamination between patients, or exposure to communicable diseases within the medical environment.

Such incidents could have severe implications for patient health, leading to prolonged treatments, higher medical costs, and potential damage to the Group's reputation. In the event of an outbreak or significant infection, the Group may face legal liability, regulatory scrutiny, and negative publicity, potentially reducing patient trust and volume. The risks associated with infections underscore the importance of continual investment in infection control, staff training, and facility maintenance to prevent such occurrences. Failure to effectively manage these risks could adversely affect the Group's operations, patient outcomes, and overall financial performance.

2.1.9 *There is a risk that a failure of the Group's information systems could disrupt its operations*

There is a risk that the Group's operations could be significantly impaired by a failure of its information systems. As the Group operates in the healthcare industry, the reliance on robust and secure information systems is critical for maintaining patient records, managing administrative functions, processing claims, and ensuring compliance with healthcare regulations. Any disruption, including system outages, cyberattacks, data breaches, or software failures, could lead to delays in service delivery, potential breaches of patient confidentiality, and disruptions in billing or reimbursement processes. Furthermore, such failures could result in regulatory penalties, damage to the Group's reputation, and loss of patient trust. The Group's ability to maintain efficient operations and to comply with regulatory requirements depends on the continuous functionality and security of its information systems. As technological threats evolve and systems become more complex, there is an increased risk that the Group could face significant operational challenges if these systems fail or are compromised.

Additionally, inadequate record-keeping or documentation of medical matters and patient data could lead to medical or administrative errors and regulatory breaches, which could give rise to fines, penalties and/or reputational damage.

2.1.10 *The Group's operations depend on the timely renewal and favorable terms of its lease agreements for its polyclinics. Any failure to renew these leases or changes in the terms could disrupt its healthcare services and impact its operational stability*

There is a risk that the Group's operations could be impacted by the expiration and renewal terms of its lease agreements for the polyclinics. The Group currently leases buildings for 11 polyclinics (out of 16 polyclinics), each with its own distinct expiration date (from which six of them is expiring before the maturity of the Bonds) and notice period. Some of these agreements may be automatically renewed upon expiration, while others may require renegotiation or termination.

In the event that lease renewals are not granted, or terms are revised unfavorably, the Group may face challenges in maintaining continuity of its healthcare services at these locations. Additionally, the expiration of lease agreements for certain polyclinics, such as those expiring in the near term (e.g., Didi Dighomi Polyclinic in December 2026), may create operational uncertainty, especially if alternative premises are not secured in a timely manner. Furthermore, any unfavorable changes in lease terms, such as higher rental rates or altered conditions, could place additional financial strain on the Group's operations, potentially affecting its profitability and ability to provide quality healthcare services. Therefore, managing lease agreements and planning for potential renewals or relocations is critical to the Group's ongoing operational stability.

For more details, please refer to – “*Significant Agreements – Lease Agreements*”.

2.1.11 *Shortage of Qualified Workforce, Labor Disputes, and Strikes May Impede the Company's and Group's Development and Operational Efficiency in the Healthcare Sector*

Currently the Group employs 11,025 personnel in total. The workforce encompasses a wide range of professionals, including senior management, medical staff, and technical personnel, all of whom are vital to the Company's current operational capacity. The healthcare sector, by nature, relies heavily on skilled personnel to ensure efficient and effective service delivery. The Group's ability to continue operations at optimal levels is substantially dependent on the availability of qualified medical professionals, such as doctors, nurses, and allied health staff.

Labor disputes, strikes, or shortages of qualified personnel, particularly medical and technical professionals, could significantly disrupt the Group's activities. As a result, such disruptions could materially affect operational performance, financial results, and the overall strategic direction of the Group.

The Group's success is heavily reliant on its ability to attract, retain, and motivate a highly qualified and experienced workforce, including management teams, medical practitioners, and support staff. If the Group is unable to maintain an adequate number of qualified staff, especially at key managerial levels or medical positions, this could adversely impact its financial condition, business operations, and long-term prospects.

Loss of key personnel, such as senior executives or high-level healthcare professionals, could result in: (i) a loss of organizational direction, (ii) poor execution of corporate strategy, or (iii) diminished capacity to identify and implement strategic initiatives. Such adverse outcomes may lead to reduced revenues, weakened market positions, and a decline in the Company's competitive edge within its operating markets.

Furthermore, labor shortages or disputes could impact patient care, hospital bed occupancy rates, and the efficiency of medical services, all of which are key drivers of revenue generation in the healthcare industry.

For more information, please refer to the sections – „*Company Overview*”.

2.1.12 The Group's Nurse-Physician Ratio May Impact Operational Efficiency and Profitability in the Healthcare Sector

The Group operates a large network of healthcare facilities, including large and specialty hospitals, regional and community hospitals, and diagnostic centers. As of December 31, 2024, the Group employed a total of 4,679 staff in large and specialty hospitals, with 1,566 doctors and 1,397 nurses. In regional and community hospitals, the Group employed 4,415 staff, with 1,463 doctors and 1,253 nurses. The nurse-physician ratios in these facilities, crucial for the efficient delivery of healthcare services, are as follows:

- **Large and Specialty Hospitals (2024):** 0.89x
- **Regional and Community Hospitals (2024):** 0.86x

Compared to other countries, these nurse-physician ratios may indicate a relatively low level of nursing support per physician. This imbalance may result in several operational challenges. Due to the shortage of nursing staff, higher-paid physicians may be required to take on tasks traditionally performed by nurses, such as patient care activities that could otherwise be handled by nursing staff. This not only affects the quality and efficiency of healthcare services but also increases operational costs, as the Group may have to pay higher wages to physicians to perform these tasks, which negatively impacts profitability.

Should the Group fail to address the nurse-physician ratio and adequately balance the staffing needs across its facilities, this could negatively affect its operational efficiency, quality of care, and financial performance. Furthermore,

For additional information, please refer to – “*Company Overview*” and “*Industry Overview*”.

2.1.13 Inadequate insurance coverage of the Group's assets may have a material adverse effect on the Group's solvency

Management believes that the Group maintains adequate insurance coverage for its business operations. All real estate assets are fully insured, and the scope of coverage is consistent with leading local market practices and industry standards.

Nevertheless, the Group's operations may be exposed to risks for which insurance coverage is either not available or not available on commercially reasonable terms. Furthermore, various insured events such as accidents, business interruption, or damage to facilities, property, or equipment resulting from human error, labor disputes, or natural disasters could lead to losses or liabilities exceeding the amounts recoverable under the Group's insurance policies. There can be no assurance that the Group's insurance coverage will be sufficient to compensate for all losses, or that the Group will be able to renew its existing coverage on commercially reasonable terms.

In addition, the Group's insurance policies are subject to deductibles, exclusions, and coverage limitations in accordance with standard commercial arrangements. The Group will only receive insurance proceeds to the extent that its insurers have the financial capacity to meet their payment obligations. It should also be noted that all insurance policies held by the Group are reinsured with highly reputable reinsurers

There remains a risk that the insurance policies may not cover all of the Group's potential losses, and no assurance can be given that the Group will not incur losses outside the scope of its insurance coverage.

In the event of an incident for which the Group lacks insurance coverage, or for which such coverage proves inadequate, the Group may suffer the loss of invested capital and anticipated revenue from the affected assets. In some cases, the Issuer may remain liable for financial obligations related to damaged property. Any such event could have a material adverse effect on the Group's business, operational results, and financial condition.

For more information related to the Group's insurance coverage, see *Company Overview – Insurance Policy*.

2.2. Risks related to investments, Financing and Liquidity

2.2.1 The Group's operations are highly dependent on technological advancements in the healthcare sector, and failure to keep up with these changes, or, on the other hand, cash outflows required to invest in necessary equipment and services, could materially affect its growth prospects and liquidity, respectively

The healthcare industry is characterized by rapid technological advancements, and the Group's ability to maintain a competitive edge is dependent on continuous investment in the latest medical equipment and treatments. Failure to keep up with these technological developments could result in the loss of patients to competitors with better-equipped facilities or the departure of skilled medical staff seeking more advanced workplaces. Moreover, technological innovations may lead to the early obsolescence of existing equipment, potentially resulting in impairment charges that could adversely affect the Group's financial profile.

In 2023, and 2024, the Group's development capital expenditures amounted to GEL 44,603 and GEL 43,940 thousand, respectively. Capital expenditures required for future technological upgrades and medical equipment investments may strain the Group's liquidity, potentially raising concerns about its ability to meet its obligations under its Bond agreements, including coupon and principal payments. Scope also highlights the Company's constrained free cash flow. For further information, please refer to *Credit Rating*. Failure to adequately invest in new technologies, combined with the burden of mandatory capital expenditures, could materially impair the Group's market share, profitability, and long-term growth prospects.

For more details, please refer to – *“Investments”*.

2.2.2 Fluctuations in Foreign Exchange Rates Have Impacted and May Continue to Impact the Group's Financial Performance

The Group is exposed to foreign exchange risk due to its operations and financial obligations denominated in multiple currencies.

Changes in exchange rates may result in financial losses, particularly if the Group's revenue and expenses are mismatched in terms of currency denomination. In 2023 and 2024, the Group recorded net losses from foreign currency fluctuations of GEL 1,407 thousand and GEL 1,388 thousand, respectively. Future currency volatility could further impact the Group's financial results, liquidity position, and ability to meet financial obligations. The Group's exposure to foreign exchange risk underscores the potential for fluctuations in earnings and cash flow, which could materially affect its financial stability and overall performance.

For more details, please refer to – *“Financial Review”* and *“Risk Management”* – *“Currency Risk”*.

2.2.3 The Group's Business Model Relies on Delayed Reimbursements, and Ineffective Management of Accounts Receivable Could Lead to Liquidity Constraints and Adversely Impact Net Income

The Group's revenue cycle is characterized by delayed reimbursements, particularly from the state under the Universal Healthcare Program and from private insurance providers. As a result, the Group maintains a significant balance of accounts receivable. As at 31 December 2024, total receivables from healthcare services amounted to GEL 143,911 thousand (DSO – 75.4 days), of which 62.6% represented receivables from the state. The expected credit loss allowance on healthcare receivables totalled GEL 54,024 thousand, representing 37.5% of the gross carrying amount, compared to GEL 47,653 thousand (33.6%) as at 31 December 2023. Receivables overdue by more than 180 days amounted to GEL 61,898 thousand, or 43.0% of the gross carrying amount, compared to GEL 51,808 thousand and 36.5%, respectively, at year-end 2023.

Failure to effectively manage accounts receivable could lead to liquidity constraints, potentially affecting the Group's ability to meet its financial obligations, invest in expansion, or maintain operational efficiency. In addition, delays or reductions in reimbursements may increase reliance on external financing, leading to higher finance costs and further increasing the Group's leverage. Elevated leverage, constrained free operating cash flows, and a low FOCF-to-debt ratio were highlighted in Scope's credit rating report (for further details, see Credit Rating). Furthermore, an increase in the provision for impairment of trade receivables could directly reduce the Group's net income, negatively impacting profitability and overall financial position.

As at 31 December 2023, the Group carried out a detailed analysis of its healthcare receivables and other receivables related to the sale of inventories and equipment, recognising an additional GEL 9,500 thousand impairment provision, as well as GEL 8,500 thousand related to litigations, which was subsequently written off against the directly related receivables. Such additional individually assessed impairment charges were primarily attributable to one-off sales transactions or to customers with whom the Group ceased operations due to significant delays in payment.

For more details, please refer to – *“Financial Review” – “Receivables from Healthcare Services”, Litigations and Risk Mitigation – Credit Risk.*

2.2.4 The Group may breach financial and non-financial covenants under its debt obligations if the bonds are not fully subscribed and bank debt is not fully repaid

As of December 31, 2024, the Group had outstanding bank debt amounting to GEL 342,347 thousand. The agreements governing these loan obligations impose various financial and non-financial covenants on the Group. As of the date of this Prospectus, the Group is in breach of certain covenants, for which it has obtained letters of waiver. For further information regarding the covenants, please refer to *Capitalization and Indebtedness*. With bond issuance, the Group plans to fully repay its bank debt, thus the Group will not face any covenants other than the Bonds.

In the event that the Bonds offered under this Prospectus are not fully subscribed, preventing the full refinancing of the Group's bank debt, and should the Group fail to comply with creditor-imposed covenants under such bank loans, the acceleration of loan repayments could be triggered. Such an event may, in turn, lead to a cross-default under other obligations and could have a material adverse effect on the Group's financial condition, especially in terms of liquidity, as repayment obligations—and the resulting classification of the entire debt as current—could negatively impact working capital and operational results. For further details about the covenants, please refer to the section *“Capitalization and Indebtedness”* in the Registration Document.

2.2.5 Group's operating results may not be sufficient to cover interest expenses

As of December 31, 2024, and on a pro forma basis reflecting the refinancing of existing debt and the issuance of GEL 350 million in bonds, the Company's interest coverage ratio (ICR), defined as EBITDA minus depreciation and amortization divided by interest expenses, stands below 1.0x. This indicates that, Group's current operating earnings are not sufficient on their own to fully cover interest obligations.

If the Group's EBITDA falls below projected levels, it may be required to obtain additional debt financing to service its interest payments. Such reliance on additional borrowing could increase the Group's leverage, constrain its financial flexibility, and heighten liquidity risks.

Nevertheless, according to Scope Ratings' latest credit opinion dated 18 August 2025, reported the Group's interest coverage ratio (calculated as EBITDA divided by interest expenses) at 1.9x as of 31 December 2024. Scope forecasts a steady improvement to 2.0x–2.3x during 2025–2027. This expected strengthening is supported by sustainable EBITDA growth, disciplined cost management, and limited incremental borrowing needs.

2.2.6 *The Group's Assets Are Encumbered as Security for a Related Party's Debt Obligations, and Enforcement Actions Could Adversely Affect Its Financial Position*

As of the date of this Prospectus, assets of the Group, specifically immovable properties (buildings), are mortgaged as collateral to secure the bank loan obligations of JSC Gepha. The maximum secured amount under this loan agreement is GEL 123,247 thousand, which is 14.9% of the Group's total assets.

If JSC Gepha fails to meet its debt obligations and the Group's assets remain pledged, creditors may be entitled to enforce their security interests, which could result in foreclosure or other enforcement actions against these assets. Any such action could have a material adverse effect on the Group's financial position, liquidity, and operations.

For further details regarding this encumbrance, see "*Capitalization and Indebtedness.*"

2.2.7 *The Group is a co-borrower, together with an entity under common control, under a loan agreement with an international financial institution. A default by the related party in fulfilling its obligations under the agreement may have a material adverse effect on the Group's financial condition*

As of the date of this Prospectus, the Company and JSC Georgian Pharmacy Group (an entity under common control) have a co-borrower agreement with an international financial institution in the amount of GEL 36,190 thousand. The parties bear full responsibility to service the loan both jointly and severally, in accordance with the terms of the co-borrowing agreement. Under this structure, if one co-borrower fails to meet its obligations, the other party may be required to service the entire loan amount.

If JSC Georgian Pharmacy Group fails to fulfil its obligations and the Company is required to service the full amount of the loan, this could have a material adverse effect on the Company's financial condition, liquidity, and operations.

2.2.8 *The Company is exposed to interest rate fluctuation risk in connection with its outstanding loan obligations*

A portion of the Company's borrowings does not bear fixed interest rates and is instead subject to floating rates. As stipulated under the terms of the respective loan agreements, the final interest rate is linked to the TIBR rate. This interest rate may fluctuate significantly (increase or decrease), depending on the level and expectations of inflation, Georgia's sovereign credit rating, and other market conditions. Subsequent changes in market interest rates may have a material adverse effect on the Company's financial condition and, accordingly, its ability to service interest payments under the Bonds.

2.3 Financial Reporting and Accounting Risks

2.3.1 *If the Company fails to establish an effective internal control system, the accuracy of financial reporting may be compromised.*

In order to ensure the timely, accurate, and reliable preparation of financial reports, continuous monitoring and evaluation of internal financial and accounting controls and procedures are essential. According to the Georgian Securities Law, the Company, as a reporting entity, has established an audit committee that oversees the accuracy of the issuer's financial reporting and ensures the effectiveness of internal control systems. If the Company fails to implement a transparent and reliable internal control policy, the accuracy of its financial reporting may be compromised, potentially having a materially adverse impact on the Company's credibility, as well as its financial and operational performance.

2.3.2 *The Group's Financial Performance is Affected by Revenue Adjustments Due to Rebates and Corrections, Which May Impact Profitability and Cash Flow Predictability*

The Group's revenue from healthcare services is subject to corrections and rebates, which may impact its financial performance and cash flow predictability. In 2024, total corrections and rebates amounted to GEL 5.6 million, slightly lower than GEL 5.59 million in 2023. These adjustments primarily stem from retrospective pricing modifications, claims audits, and contractual obligations with the Universal Healthcare Programme (UHC), private insurance companies, and other payers.

Rebates are often imposed due to billing discrepancies, policy changes, regulatory audits, or contractual terms, which can lead to unexpected revenue reductions. This creates a financial risk, as revenue booked from healthcare services may be later adjusted downward, affecting profitability and cash flow projections. Additionally, delays in rebate settlements could strain working capital, particularly if significant portions of revenue are subject to post-service adjustments.

Any regulatory changes or stricter audit mechanisms imposed by the government could lead to increased rebate amounts or delays in payments. Similarly, private insurance companies may introduce more stringent reimbursement policies, increasing the likelihood of further revenue deductions.

2.4 Risks Related to Unforeseen Events

2.4.1 Unforeseen events such as natural disasters, emergencies, pandemics, and others may have a significant negative impact on the external advertising and real estate markets, as well as on the Group .

Natural disasters, emergencies, and other unforeseen events could cause material damage to the operations of the Group, leading to property damage as well as a reduction in consumer purchasing power.

The occurrence and severity of natural disasters, emergencies, and pandemics are unpredictable, and as a result, the extent of any resulting damage depends on the scale and severity of the event. Investment properties and fixed assets of the Group that are damaged by natural catastrophes or restrictions imposed by emergencies and pandemics could significantly disrupt the Group's operations, which would materially impact the Group's operational results.

3. Risks specific to the offered securities

3.1 Risks related to the market price, liquidity, and yield of the bonds:

3.1.1. The market price of the bonds may be volatile, which may be further influenced by the fact that the bonds are secured;

The market price of the bonds may fluctuate significantly in response to current or anticipated changes such as: actual or expected changes in the company's operating results; actual or expected changes in the operating results of the company's competitors; unfavorable business developments; changes in the company's regulatory environment; changes in financial assessments by securities analysts; large sales or anticipated sales of bonds; as well as many other factors affecting the company, including economic and market conditions in Georgia.

Moreover, in recent years, global financial markets have experienced significant price and volume volatility. Should such volatility recur in the future, it may negatively impact the market price of the bonds regardless of the company's business performance, financial condition, or operating results. Even if an active trading market for the bonds develops, there is no guarantee that developments in Georgia or elsewhere will not cause market fluctuations or that such fluctuations will not adversely affect the liquidity or price of the bonds and/or that economic and market conditions will not have other negative impacts.

If bonds are traded after their initial issuance, they may be sold at a discount to the offering price depending on prevailing interest rates, market conditions for similar bonds, general economic conditions, the company's financial condition, or other factors beyond the company's control.

In addition to the circumstances described above, the bonds are secured, which may further impact their transferability in secondary market transactions. This is due to the requirement to comply with additional procedures established by the prospectus and relevant agreements, including amendments to the security agreements in the prescribed form (for details, see "Terms of the Bond Issue").

3.1.2. There may not be an active trading market for the bonds

There can be no assurance that an active trading market for the bonds will develop, or, if one does develop, that it will be maintained. If an active trading market for the bonds does not develop or is not maintained, the market or trading price and liquidity of the bonds may be adversely affected by a number of factors, some of which may be beyond the control of the Company. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Company.

An active trading market for bonds may not exist, especially in developing economies such as Georgia.

3.1.3. Investors whose financial activities are denominated in a currency or monetary unit different from the currency of the bonds may receive lower interest payments or principal amounts than expected due to exchange rate fluctuations or currency operation regulations.

The company will pay interest and principal on the bonds in Georgian Lari. This creates certain currency conversion risks if the investor's financial activities and/or income are primarily denominated in a currency or monetary unit different from the bonds' currency ("Investor's Currency"). This includes the risk that currency conversion rates may fluctuate significantly (including changes caused by depreciation of the Lari or revaluation of the Investor's Currency), as well as the risk that the authorities in the jurisdiction of either the company's or the investor's currency may impose or modify regulations on currency operations. An appreciation of the Investor's Currency against the Lari will reduce (i) the equivalent return on the bonds in the Investor's Currency, (ii) the equivalent principal amount payable on the bonds in the Investor's Currency, and (iii) the market value of the bonds in the investor's currency equivalent.

Authorities and fiscal/monetary authorities responsible for the financial and credit system may impose (similar measures have been observed in other countries) currency operation regulations that negatively affect the relevant exchange rate. As a result, investors may receive lower interest payments or principal amounts on the bonds than expected.

3.2 Risks Related to Bondholder Rights:

3.2.1. The Bonds represent Pari Passu Securities

Subject to the financial restrictions envisaged by the Terms and Conditions of the Bonds, the Company may additionally issue securities equivalent in ranking to Bonds. Any such issue of securities may reduce the amount that investors are able to receive with regard to Bonds since the incurrence of additional debt may affect the Company's ability to repay the principal and accrued interest on the Bonds. The said may have a material unfavourable impact on the resale price of the Bonds.

3.2.2. There is a repayment risk of principal and interest on Bonds;

There is a risk that, for various reasons, the Company may not be able to pay the interest and/or principal on the bonds envisaged by the Prospectus in due time or may not be able to pay it at all.

3.2.3. The interest income on the bonds may decrease or increase due to changes in the floating interest rate;

The issuance of these bonds is based on a floating interest rate. Specifically, the benchmark for the bonds' Non-Cumulative Compounded Tbilisi Interbank Interest Rate (Daily TIBR), which is published at the following address: <https://nbg.gov.ge/en/monetary-policy/tibr> . If the National Bank decreases or increases the Tbilisi interbank interest rate, the bonds' interest rate will be adjusted accordingly, and the investor will receive lower or higher interest income.

3.2.4. The transfer of the bonds is subject to certain territorial and/or other restrictions imposed on investors from specific countries;

The offering and transfer of the bonds will be carried out exclusively in Georgia, in accordance with Georgian legislation. The distribution of this prospectus and the offering of bonds in certain jurisdictions, or to residents of such jurisdictions, may be prohibited or restricted by applicable law. Accordingly, the use of this prospectus for such jurisdictions or for offering bonds to such persons is not

permitted. Persons who come into possession of this prospectus and potential investors are obliged to obtain information on such restrictions themselves and to ensure that any offering and transfer of bonds outside of Georgia complies with the securities laws of the relevant jurisdiction.

The bonds have not been and will not be registered under the United States Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws of the United States. Accordingly, potential investors will not be able to offer or sell the bonds except in transactions exempt from the registration requirements of the U.S. Securities Act or any applicable state securities laws and/or transactions not subject to such requirements. It is the responsibility of potential investors to ensure that any offering and sale of the bonds in the United States or other countries complies with the relevant securities laws.

3.2.5. The specific financial covenants per the Loan Agreement and Terms and Conditions of the Bonds may not be fulfilled

The Company or its affiliates may not be able to comply with the financial or non-financial covenants provided in the loan agreement with creditors or Prospectus. Furthermore, there is no guarantee that the Company will be able to obtain waivers from the respective parties, and that creditors will not impose the sanctions established by the Loan Agreement and the Prospectus. Sanctions may include the refusal to grant a loan, the accrual of fines and penalties, the requirement for immediate payment of existing credit debt, etc. The imposition of such sanctions may unfavourably impact the financial standing and business activities of the Company, moreover, if the aggregate amount of such liabilities exceeds the threshold set forth in clause 10(c) of the Bond Offering Terms, a cross-default event may be triggered.

3.2.6. Current financial restrictions on Bonds may not be sufficient and fail to protect investors.

The current financial covenants and restrictions may not be sufficient to protect the Bond investment, and therefore, the investors may fail to receive or receive less principal amount or interest than expected. Please see the detailed information on the financial restrictions in Terms and Conditions.

3.2.7. In the future, the terms and conditions of the bonds may be amended, or rights arising from a breach of such terms may be waived

The Terms and Conditions of the Bonds contain a clause on convening a Bondholders meeting to discuss matters that may affect their interests. These terms allow decisions adopted by a specified majority to be binding upon all bondholders, including those who did not attend the meeting or voted against the majority. (See the Prospectus, section "Terms and Conditions of the Bonds," subsection 11. "Bondholders' Meetings, Amendments, and Waivers")

3.2.8. The bonds include a call option, which carries certain risks for investors

The bonds include a call (redemption) option, which means that if the company exercises this option, bondholders will receive the price specified in the prospectus (see Bond Terms, Section 7(d) – Optional Redemption). This price may be lower than what bondholders would receive if they held the bonds until maturity. There is a risk that the company may exercise this option if market interest rates decrease. In such a case, bondholders would need to reinvest their funds at lower interest rates, meaning they would earn a lower return on their invested capital than if they had held the bonds until maturity.

3.2.9. The joint and several surety, mortgage and pledge entails various risks, including those associated with the formalization of the surety agreement, mortgage agreement and pledge agreement and the transfer of the Bonds

The bonds will be secured by joint and several suretyships issued by the Guarantors, as well as by first-ranking mortgages and pledges over certain assets of the Immovable Property Owners and Movable Property Owners (each as defined in the Terms and Conditions of the Bonds), respectively. Based on the joint and several suretyship, the guarantors shall bear a joint and several obligation to satisfy all due and outstanding claims of the bondholders, in accordance with the terms set forth in this Prospectus and the relevant agreements. Based on the mortgages and pledges, in case of the event of default, bondholders shall have the right to satisfy their due and unpaid

claims from the Secured Property (as defined in the Terms and Conditions of the Bonds), subject to the terms of this Prospectus and the relevant contractual documentation.

Currently, there is no dedicated regulatory framework under Georgian law governing guaranteed and/or secured bonds, and the requirements related thereto are defined to the fullest extent possible under this Prospectus and the associated contractual agreements. Notwithstanding the above, the execution of the guarantee and security arrangements may be delayed due to the relatively inflexible nature of established procedures, the actions (or inactions) of transaction participants or existing investors, or other relevant factors.

Potential investors should note that the suretyship, mortgage, and pledge agreements will not be in effect or executed at the time of the securities offering. At that stage, only working drafts of the joint and several suretyship, mortgage, and pledge agreements will be made available to investors via the electronic address provided in this Prospectus. However, within 60 Business Days following the full placement of the issued bonds, the Issuer will ensure the due execution and notarization of these agreements and the registration of the pledge and mortgage over the Secured Properties in favour of the investors at the National Agency of Public Registry.

3.2.10. The security over the bonds may be negatively affected by existing mortgages or pledges in favor of third parties, or by tax-related liens;

Despite the fact that the bonds will be secured and bondholders will be registered as first-ranking pledgees/mortgagees, there is a risk that tax liens or pledges imposed by the Revenue Service of Georgia may adversely affect the rights of bondholders. According to Article 239, Paragraph 6 of the Georgian Tax Code, if a bondholder is not a commercial bank licensed by the National Bank of Georgia (NBG), an international financial institution, or a bank licensed in a country recognized by the NBG as a developed country (such countries generally include most European and North American jurisdictions), the Revenue Service of Georgia enjoys priority rights, and the proceeds from the sale of the secured asset, even if pledged in favor of the bondholders may be directed toward satisfying the issuer's tax obligations.

If the bondholder is a commercial bank licensed by the NBG, an international financial institution, or a bank licensed in a developed country as recognized by the NBG, then a tax lien or pledge imposed by the Revenue Service, or any third-party restriction applied as a pre-enforcement measure, may still negatively affect bondholders' rights. Although such restrictions do not take priority over bondholders' claims and the proceeds from realization of the secured asset will primarily be used to satisfy bondholders' demands, these restrictions may trigger insolvency or bankruptcy of the Company, potentially leading to redemption of the bonds outside the bondholders' control.

3.2.11. If the mortgage and pledge rights are not duly registered, the bondholder will be considered a secured creditor only on the basis of the joint suretyship

Under the applicable laws of Georgia, a mortgage or pledge becomes legally effective only upon registration with the National Agency of Public Registry. Accordingly, if a bondholder fails to comply with the requirements set forth in the Prospectus — including but not limited to the timely provision of any and all necessary or required information/documents and the execution of mortgage, pledge and surety agreements, the issuer will not be able to register the mortgage and/or pledge in favor of such bondholder. As a result, the claim of such bondholder against the Issuer will be guaranteed solely by the joint and several suretyship. The Issuer and the Placement Agent shall have no liability in cases where the registration of the mortgage and/or pledge in favor of a specific bondholder has not been effected due to such bondholder's failure or delay to comply with the Placement Agent's instructions and procedures, as well as the provisions of the terms and conditions of the Bonds' issuance.

The Issuer and the Placement Agent shall bear no responsibility in cases where the mortgage and/or pledge rights in favor of the bondholder are not registered due to the bondholder's failure or delay in complying with the Placement Agent's instructions and procedures, or with the relevant provisions of the Terms and Conditions of the Bonds.

3.3 Risks Related to the Legal and Regulatory Framework Governing the Bonds and Their Ownership:

3.3.1. Any future changes to Georgian legislation may have a material adverse effect on the Bonds, including their registration on the Georgian Stock Exchange and the taxation of income derived from holding the Bonds;

The terms and conditions of the Bond issuance are based on the laws of Georgia effective as of the date of approval of this Prospectus. There is no guarantee that future changes will not be introduced to Georgian legislation, or to existing administrative or judicial practices, that could have a material adverse effect, including on future Bond issuances, their registration, placement, admission to trading on the stock exchange, as well as transaction execution and settlement procedures both on the stock exchange and in the over-the-counter secondary market. Furthermore, any future changes to the taxation regime applicable to income received by Bondholders from the Bonds may negatively affect the amount of net income receivable by Bondholders.

3.3.2. *Investors must rely on the procedures of the Depository, the Calculation Agent, and, where applicable, the account providers;*

The Company shall make any payments related to the Bonds in favor of the Bondholders by transferring such amounts to the Depository. In order to receive any payments related to the Bonds, Bondholders shall rely on the procedures established by the Depository and, where applicable, the relevant account providers or the Calculation Agent. The Company assumes no responsibility for the accuracy or correctness of the records maintained by such parties. Furthermore, it should be noted that the Issuer shall not be liable for any errors committed by any third party in the course of settlement.

By purchasing the Bonds, each Bondholder (and, where applicable, the account provider) agrees that the terms of the Bonds may be enforced against the Company, any and all Guarantor, Immovable Property Owners and/or Movable Property Owners only through the Bondholders' Representative and in accordance with the procedures set out in this Prospectus. The Bondholders' Representative shall act in the interest of all Bondholders as a class, and not with regard to the consequences that its actions may have on any individual Bondholder. In carrying out its duties, the Bondholders' Representative shall be entitled to compensation and shall be released from liability as provided in this Prospectus and Bondholders' Representative agreement.

Additionally, the Bond structure contemplates the existence of a Bondholders' Representative, for which there is currently no comprehensive legislative or regulatory framework. Accordingly, the rights of Bondholders in this regard are fully defined by the contractual terms agreed with the Bondholders' Representative and by the Terms and Conditions of the Bonds.

3.3.3. *Capital investment in the Bonds involves considerations related to the legality of the investment;*

Individual investors' investment activities are subject to applicable laws, regulations, and supervisory oversight concerning the legality of investments. Each prospective investor should consult with their own legal advisor to determine to what extent: (i) the Bonds constitute a lawful capital investment for them; (ii) the Bonds may be used as collateral to secure various types of credit; and (iii) any other restrictions apply to the acquisition or pledging of the Bonds.

Financial institutions should consult with their legal counsel or relevant regulators to determine how the Bonds are classified for the purposes of minimum reserve requirements or similar regulatory purposes.

3.3.4. *Applications to purchase the Bonds may be partly accepted;*

If, during the book-building process for determining the final interest rate, potential investors express interest in purchasing more Bonds than the amount provided for in this Prospectus, the acceptance of applications will be carried out partially, either proportionally based on the amounts specified in the applications or in another manner at the Issuer's discretion. In such cases, if a potential investor's application is only partly accepted, the investor has the right to either decline the partial allocation or continue participating in the Bond purchase process. Detailed information is provided in the section: "Terms and Conditions of the Bonds."

3.3.5. *There is a potential risk of conflict of interest between the Company and Placement Agent 1, as well as between Placement Agent 1 and JSC Bank of Georgia.*

There is a possibility that a portion of the Bonds will be acquired by JSC Bank of Georgia, which is one of the major commercial banks operating in Georgia and is affiliated with Placement Agent 1. Specifically, the ultimate owner of both Placement Agent 1 and JSC Bank of Georgia is Lion Finance Group PLC, a company listed on the London Stock Exchange. At the same time, the Head of Corporate Lending at JSC Bank of Georgia — responsible for both corporate loans and investments in bonds — exercises group-level oversight over Placement Agent 1. These circumstances may give rise to a conflict of interest, on the one hand, between Placement Agent 1 and

the Issuer, and on the other hand, between Placement Agent 1 and JSC Bank of Georgia. However, the Issuer believes that any potential conflict of interest is decreased due to the following factors:

- (a) The Placement Agent 1 is required under the law, that JSC Bank of Georgia, as well as all the other investors will be treated on equal and equitable terms.

- (b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 1.

On the other hand, the Issuer and Placement Agent 1, which also acts as the Calculation Agent (Galt & Taggart), are indirectly related. The Issuer is a 100% subsidiary of Georgia Capital PLC (the “Ultimate Parent”), which also indirectly holds a 19.7% non-voting interest in Lion Finance Group PLC (also known as the “Bank of Georgia Group” or “BGEO Group”), which in turn owns 100% of Galt & Taggart.

Although such a relationship may be considered a risk factor from the perspective of potential investors, the Issuer believes this risk is not material, given that its interest in Galt & Taggart is non-voting. Furthermore, the governing bodies of these companies are completely separate, and all agreements related to this transaction have been entered into in compliance with applicable laws and on commercial terms.

The Issuer and Placement Agent 2 (TBC Capital LLC) are not related parties and there is no conflict of interest between them.

The Issuer’s auditors and any third parties and/or experts involved in the preparation of the Prospectus are not affiliated with either Placement Agent 1 or Placement Agent 2, and there is no conflict of interest between them.

3.3.6. A potential conflict of interest may exist between the Company and Placement Agent 2, as well as between Placement Agent 2 and JSC TBC Bank

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and Investors. However, the Issuer believes the potential conflict of interest is reduced considering the following circumstances:

- (a) Under applicable law, the placement Agent 2 is obliged to treat both JSC TBC Banks and all other investors on basis of equality and equal rights.

- (b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

Reasons for the Offering and Use of Proceeds

The Issuer plans to issue bonds with a nominal value of up to GEL 350 million, from which the net proceeds will be no less than [98.5]% of the principal amount of the bonds issued.

The net proceeds from the offering shall be utilised to refinance existing loans and finance capital expenditures in accordance with the Issuer's Social Bond Framework. 250 million GEL of the net proceeds shall be utilized to refinance the Issuer's existing long-term loans within 20 Business Days from the issuance date. GEL 100 million will be allocated to financing capital expenditures in accordance with the Social Bond Framework (out of this amount, GEL 50 million of capital expenditures has already been financed through short-term bridge loans raised in 2025, which will be refinanced by the Bonds). The Issuer shall, within 50 Business Days following the Bond Issue Date and in any case prior to the execution of the Pledge Agreement and the Mortgage Agreement, discharge all existing guarantees and release any related security which guarantee or secure its existing loans (including any guarantees or security relate to existing loans to Affiliates) refinanced by the net proceeds and shall deliver (in accordance with in Condition 14 ("Notices")) evidence, in form and substance satisfactory to the Bondholders, of such utilization and due discharge and release. Most of the Company's bank liabilities are denominated in GEL with a portion in foreign currency. As of April 30, 2025, group's total bank liabilities amounted to approximately 365 million GEL. The company will repay the remaining loan obligations (those exceeding GEL 300 million) using free cash flow.

For more details on the loans to be refinanced, please refer to "Capitalization and Debt." For detailed information regarding the issuance, please refer to the Terms and Conditions of the Bonds and the Term Sheet.

Social Bond Framework Overview

GHG will utilise the proceeds of the Bonds to **finance or refinance** projects aimed at improving healthcare access and infrastructure. The funds will support the development of new hospitals/services, the expansion and modernization of existing medical facilities, and the acquisition of advanced medical equipment. Additionally, investments will be made in healthcare mobility, laboratory services, and digital solutions to optimize medical processes and improve patient care etc.

Use of Proceeds

By targeting low- and middle-income groups, individuals in remote areas, patients with chronic or severe conditions and general public, GHG aims to enhance the affordability and quality of healthcare. The anticipated impact includes increased healthcare accessibility, better specialized care, improved patient experience etc.

Project Evaluation and Selection.....

To ensure that funds are directed toward impactful initiatives, GHG has established a Social Bond Committee responsible for evaluating and selecting eligible projects. This committee meets at least once a year to review the **Eligible Social Expenditures Portfolio** and ensure alignment with the Social Bond Framework. Projects are assessed based on predefined criteria that prioritize their social impact and contribution to healthcare accessibility. Any projects that do not meet these standards are excluded from funding. This structured evaluation process helps maintain transparency and ensures that social bond proceeds are effectively utilized.

Management of Proceeds

GHG's Finance Team oversees the management and allocation of proceeds to eligible projects. All funds are expected to be fully allocated within 36 months, with adjustments made based on evolving project needs. Until allocated, the unutilized funds will be temporarily held in cash or cash equivalents to ensure financial stability. This process guarantees that the bond proceeds are strictly used for their intended social purpose, supporting healthcare initiatives that align with the company's commitments.

Reporting and External Review

GHG is committed to transparency and accountability in the implementation of its Social Bond Framework. To this end, the company will publish annual **Allocation Reports** until all proceeds are fully utilized. These reports will detail the proportion of funds allocated to new projects versus refinancing, the status of any unallocated funds, and the overall financial breakdown of funded initiatives. Additionally, **Impact Reports** will be released to measure the social benefits achieved through the financed projects. Key indicators will include:

- Number of patients benefiting from healthcare or medical treatment
- Number of tests performed
- Number of beneficiaries receiving access to e-health services etc.

To further ensure compliance with the Social Bond Principles set by ICMA, GHG may engage an independent auditor to review its allocation of proceeds and validate adherence to the framework.

Social Bond Committee

As of the date of this Prospectus, the Company has established a Social Bond Committee, with all members appointed. The Committee reviewed the structure, objectives, and key use-of-proceeds categories of the planned Social Bonds. Following its review, the Committee selected eligible projects in accordance with the relevant criteria.

Second Party Opinion Overview

JSC Georgia Healthcare Group has developed a Social Bond Framework that is fully aligned with the Social Bond Principles (SBP) issued in 2023 by the International Capital Market Association (ICMA), as well as with the Social Taxonomy of the National Bank of Georgia. The Framework has been evaluated by Scope ESG Analysis GmbH (“Scope ESG”), which acted as the Second-Party Opinion (SPO) provider. According to Scope ESG’s assessment, the Framework is fully aligned with the Social Bond Principles published by ICMA and has received the highest social impact rating – “Transformative Human Score.”

The Transformative rating reflects the Company’s strong alignment with national healthcare priorities, a clearly defined sustainability strategy, effective management of environmental and social risks, and a transparent governance system that ensures the credibility of project selection, monitoring, and reporting processes.

For additional information, please refer to the full documentation available on the Company’s website: ghg.com.ge

Registration Document

Persons responsible for preparation of the document:

Georgia Healthcare Group JSC (I/N: 405746634)

Statement of the responsible person:

The responsible person declares that: the information presented in the Prospectus includes all material facts known to them, and no information has been omitted that would affect the content of the Prospectus.

The responsible person further declares that: When information provided by a third party is used, the source is indicated and it is stated that this information has been accurately processed. To their knowledge, there are no omitted material facts in this information that would render it inaccurate or misleading.

Persons involved in the offering:

Financial auditor of the Issuer for the years 2024 and 2023: The financial auditor of the Issuer is “EY” LLC. Identification Number: 204441158. Address: 44 Kote Abkhazi Street, Tbilisi, Georgia; E-mail: Info@ge.ey.com

Financial Auditor of the Issuer has not been changed during the periods presented in the Prospectus.

Credit rating agency: The Company and the Bonds have been assigned credit ratings by Scope Ratings

Second-Party Opinion Provider: Scope ESG Analysis GmbH

Depository of the Issuer: Georgian Central Securities Depository JSC (I/N: 204935400); Address: Office N7, Floor 7, Block 10, N71 Vazha-Pshavela Avenue, Saburtalo District, Tbilisi, Georgia; Tel.: (995 32) 2 50 02 11; E-mail: info@gcsd.ge (the Issuer ensures the agreement is signed before the issuance of the Bonds).

Placement Agent 1, Calculation Agent: Galt & Taggart JSC; Identification Number: 211359206; Address: 3, Pushkini Street, 0105, Tbilisi; E-mail: gt@gt.ge ; sales@gt.ge ; Website: <https://galtandtaggart.com/en> ; Tel.: (+995 32) 2 401 111.

Placement Agent 2: TBC Capital LLC, Identification Number: 204929961; Address: 7, Marjanishvili Street, 0102, Tbilisi; E-mail: info@tbccapital.ge ; Tel.: (+995 32) 227 27 33.

Bondholders' Representative: Suknidze and Partners LLC (ID 405413299) E-mail: office@alfg.ge, tel: 551 14 30 66. Address: I. Abashidze st. 34.

Possible expenses imposed on investors

Fees associated with the placement of the Bonds are reimbursed in full by the Issuer and an Investor will not incur any additional costs related to the placement.

Conflict of interest associated with the offering

- **The relationship between, on one hand, the Issuer, and, on the other hand, the Placement Agents**

The Issuer and the Placement Agent 1 (JSC Galt and Taggart) are indirectly related; as of the date of the approval of the Prospectus, the ultimate sole owner of the Issuer, JSC Georgia Capital, holds 19.8% non-voting equity interest in Lion Finance Group PLC, the ultimate sole owner of JSC Galt and Taggart. The Issuer considers this to be a non-material circumstance given the non-voting nature of the

Issuer's equity interest in Lion Finance PLC, and the fact that the members of the governing bodies of these companies are fully and completely separated and all the agreements related to the bonds to be issued under this Prospectus are made in accordance with the existing Georgian legislation.

The Issuer and the Placement Agent 2 (TBC Capital LLC) are not related parties and there is no conflict of interest between them.

The Issuer's auditors and any third parties and/or experts involved in the preparation of the Prospectus, are not related to either the Placement Agent 1 or the Placement Agent 2 and there is no conflict of interest between them.

• **The relationship between the Placements Agents and the potential investors**

There is a possibility that the part of the bonds issued and placed under this Prospectus might be acquired by JSC Bank of Georgia, which is one of the major commercial banks operating in Georgia and is affiliated with the Placement Agent 1; more specifically, the ultimate owner of both, the Placement Agent 1 and JSC Bank of Georgia is Lion Finance Group PLC, a company listed on London Stock Exchange. At the same time, the head of JSC Bank of Georgia's corporate lending direction (which includes both, issuing corporate loans and investing in bonds) supervises the Placement Agent 1 at the group level. Indicated circumstances could create a conflict of interest between the Placement Agent 1, the Issuer, and JSC Bank of Georgia. However, the Issuer believes that the potential conflict of interest is decreased according to the next circumstances:

(a) The Placement Agent 1 is required under the law, that JSC Bank of Georgia, as well as all the other investors will be treated on equal and equitable terms.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 1.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

(a) Placement Agent 2 declares and confirms that it will treat JSC TBC Bank as one of the investors based on principles of equality and fairness.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent 2.

The Issuer is not aware of any other existing or potential conflict of interest related to the offering.

Company Overview

The Issuer refers to **Georgia Healthcare Group JSC** (I/N 405746634). Legal address: Sul Khan Tsintsadze Street, No. 24A, Tbilisi, Georgia. Country of registration: Georgia. Governing legislation: Georgian law. Date of registration: 17 December 2024.

The Group began its operations in 1990 and operated in the market under the name of an independent insurance company – Aldagi. The Group has experienced significant growth over the past decade, driven by a centralized approach to healthcare management. The Issuer pioneered the implementation of a regional cluster model and referral hierarchy in Georgia, enabling the management of multiple hospitals as a unified organization. As the largest healthcare provider in Georgia’s rapidly growing, predominantly private market, GHG offers a comprehensive range of inpatient and outpatient services through a vertically integrated network.

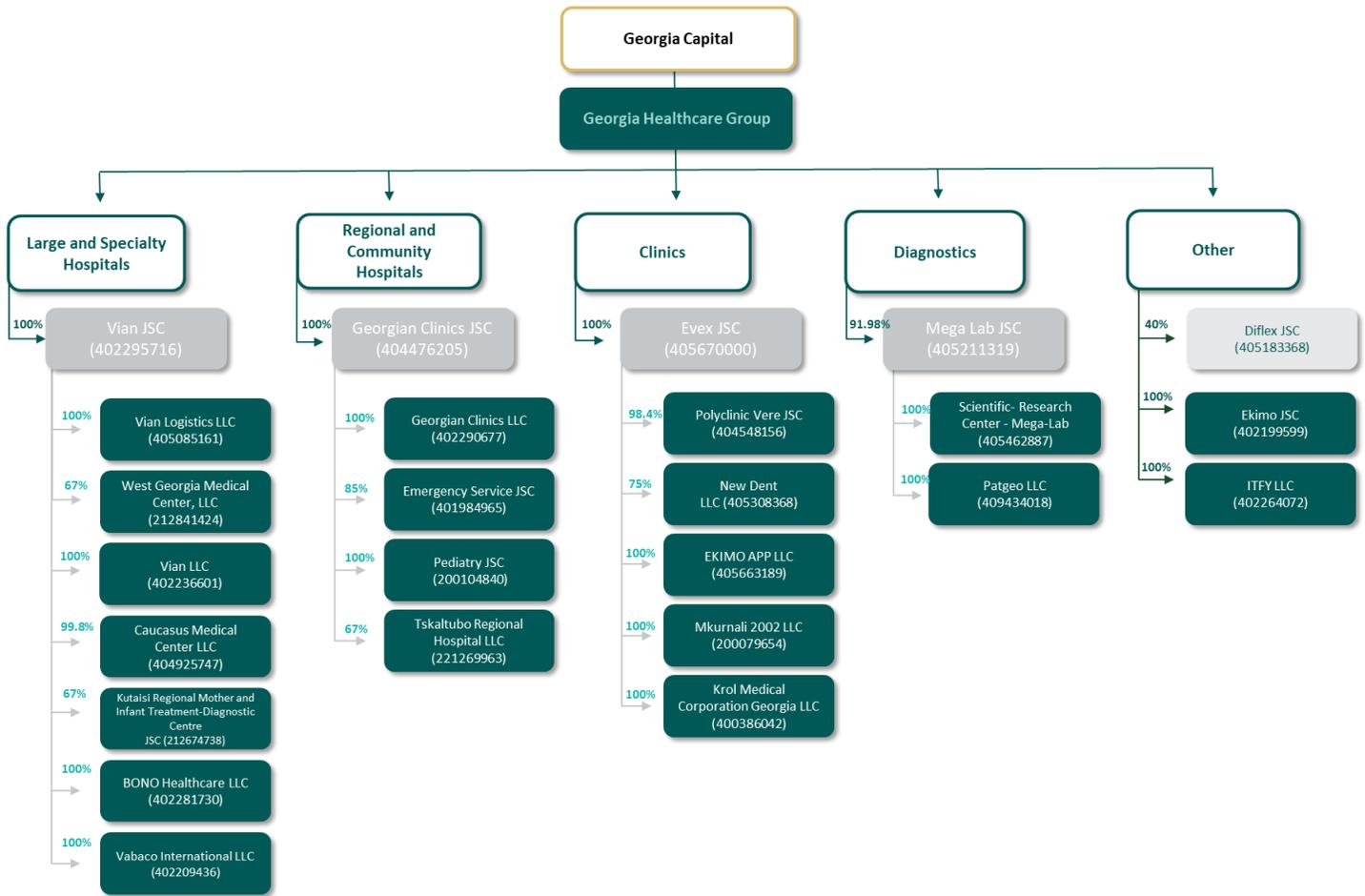
The Company’s commitment to delivering high-quality healthcare is exemplified through four core business lines: (i) **Large and Specialty Hospitals**, (ii) **Regional and Community Hospitals**, (iii) **Clinics**, and (iv) **Diagnostics**. Each geographic cluster operates under a structured referral hierarchy, ensuring patients are guided from local physicians and community hospitals to larger, specialized referral hospitals for advanced treatments. Dedicated ambulance services further enhance patient transfer within this system.

The Company operates a diversified healthcare network across Georgia, comprising seven large and specialty hospitals, 27 regional and community hospitals, 16 clinics, and one diagnostic center. Its hospitals provide critical and specialized medical services, including oncology, neurosurgery, bone marrow transplantation, and gender reassignment surgery. Regional hospitals and clinics offer essential diagnostic and treatment services, while the Company’s diagnostic arm, Mega Lab, serves as the largest scientific and research center in the Caucasus, delivering advanced testing in oncology and molecular diagnostics.

The Company has been assigned a **B+** credit rating with a **stable outlook** by Scope Ratings.



Organizational Structure



The Group currently operates four main business divisions. Until the fourth quarter of 2024, GHG also included a pharmaceuticals division (Gepha JSC). However, following a strategic decision by the parent company, the pharmacy segment was demerged from GHG and now operates as a separate business under the GCAP umbrella. Given that the management teams for Gepha and GHG’s healthcare businesses are distinct, the separation aligns with the strategic rationale for these entities to operate under different holding structures.

For further details on mergers, acquisitions, and demergers, please refer to *Significant Events in the Development of the Issuer's Business Activities*. For more information on subsidiaries, please refer to *Subsidiaries*.

A brief overview of the exclusive and other services offered by the current divisions is provided below:

Business Division	Brief Description	Revenue Composition, 2024
Large and Specialty Hospitals	<p>The hospitals business is the sole provider of various inpatient and outpatient medical services, including:</p> <ul style="list-style-type: none"> • Oncology • Children’s Oncology • Bone Marrow Transplantation • Gender Reassignment Surgery <p>Extracorporeal Fertilization (Surrogacy) etc.</p>	<p>A donut chart illustrating the revenue composition for 2024. The chart is divided into four segments: a large dark teal segment representing 55% (Large and Specialty Hospitals), a medium teal segment representing 26% (Regional and Community Hospitals), a light teal segment representing 14% (Clinics), and a small grey segment representing 5% (Diagnostics). A legend below the chart identifies each segment with a corresponding colored square.</p>
Regional and Community Hospitals	<ul style="list-style-type: none"> • Neurosurgery – Brain and spine surgeries, including trauma and tumor treatment • Endoscopic Diagnostics • CT Scanning – 160-slice multi-layer CT for high-precision diagnostics <p>Surgery & Intensive Care etc.</p>	
Clinics	<p>The largest polyclinic chain in Georgia, operating 16 facilities, offering:</p> <ul style="list-style-type: none"> • Outpatient Diagnostics and Treatment • Specialized Services in Transplantology, Hematology, Radiology, Ophthalmology, and 38+ other medical fields 	
Diagnostics	<p>Provides both basic and advanced testing in oncology and molecular diagnostics services previously unavailable in Georgia.</p> <p>Operates as a laboratory hypermarket, utilizing high-capacity automated systems</p>	

- **Large and Specialty Hospitals**

The Group offers comprehensive healthcare services for individuals of all ages, with a focus on continuous service enhancements across its multidisciplinary hospitals. As the sole provider in the region, the Group delivers a broad range of inpatient and outpatient medical services, including oncology, pediatric oncology (specialized care for children with various oncology disorders), bone marrow transplantation, gender reassignment surgery, and extracorporeal fertilization (surrogacy). Below is an overview of the business units and their respective services within this division.

Business Unit	Description
The Caucasus Medical Centre (CMC)	The Caucasus Medical Center (CMC) is the first JCI-accredited multi-profile referral hospital in Georgia, achieving the esteemed Gold Standard in healthcare accreditation. As a leading institution, CMC offers advanced diagnostic and treatment services, including bone marrow transplantation, cornea transplantation, cardiology and cardio surgery, neurology and internal medicine directions, general surgery, thoracic surgery, gynecologic interventions, oncohematology, and orthopedic-traumatology interventions.
Caraps Medline	Dighomi Branch

- Caraps Medline Dighomi is a state-of-the-art, multi-disciplinary medical center that adheres to the highest international standards. Initially specializing in plastic and reconstructive surgery, the clinic has expanded its offerings to include a comprehensive range of outpatient and inpatient services. These include In Vitro Fertilization (IVF), gynecology, office gynecology, general surgery, mastology, and orthopedic traumatology. Emphasizing a holistic and patient-centered approach, the center employs the Concilium method, ensuring each patient's case is evaluated and treated from a multidisciplinary perspective.

Vake Branch

- Caraps Medline Vake is an advanced aesthetic clinic that operates in full accordance with international medical standards, offering premier beauty and wellness services based on clinical expertise. The clinic provides a broad spectrum of treatments, including dermatocosmetology (medical and self-care procedures, both injectable and non-injectable), plastic surgery, aesthetic gynecology (consultation, colposcopy Dysis, MonaLisa Touch), and body healing therapy. A standout service is personalized care, which involves comprehensive planning and consultations focused on promoting a healthy lifestyle. Caraps Medline Vake is equipped with the latest, FDA-recognized, cutting-edge technology, ensuring the highest quality of care and treatment.

M. Iashvili Children’s Central Hospital.....

M. Iashvili Central Children's Hospital is Georgia’s only third-level multidisciplinary pediatric referral center, offering 260 beds and a wide range of outpatient and inpatient services. Specialized care includes oncology, hematology, toxicology, hemodialysis, neurosurgery, thoracic surgery, and reconstructive and plastic surgery, many of which are performed using advanced endoscopic techniques. The hospital also operates a fully equipped emergency department (ER) to provide immediate care for its patients.

Iv. Bokeria University Hospital.....

Iv. Bokeria University Hospital is a multi-disciplinary medical center staffed by highly skilled professionals dedicated to patient-centered care. The hospital provides a full range of outpatient and inpatient services, ensuring comprehensive, safe, and high-quality care for patients of all ages. It also features an Emergency Medical Care Department (ER), offering rapid and effective responses to urgent medical situations.

M.Iashvili Batumi Maternal and Child Central Hospital.....

M. Iashvili Batumi Maternal and Child Central Hospital is the only multi-specialty medical center in the Adjara region, offering outpatient and inpatient services for mothers and children. The hospital provides obstetrics, gynecology, and comprehensive neonatal care, as well as a second-third level perinatal center for intensive care of newborns. It also operates an Emergency Department (ER) dedicated to pediatric patient care.

West Georgia Medical Centre.....

West Georgia Medical Center is one of the largest hospitals in the region, offering comprehensive outpatient and inpatient care for neonates, children, and adults. The center provides high-tech medical services, including advanced cardiac surgery, angio surgery, and neurovascular services, all available locally for the population of Western Georgia. It also features a stroke management center that meets international standards, along with tertiary-level perinatal care for high-risk pregnancies and intensive care for low-birth-weight newborns. The hospital operates a fully equipped Emergency Department (ER).

Krystyna Kiel Oncology Center.....

Krystyna Kiel Oncology Center is the only specialized hospital in West Georgia, offering advanced radiation and medical therapy services in a single facility. The clinic is equipped with the latest medical technology, including cutting-edge linear accelerators that provide targeted irradiation to hard-to-reach cancer areas, minimizing complications. A multidisciplinary team of Georgian and international doctors from Europe and the US collaborates to discuss and manage complex medical cases.

• **Regional and Community Hospitals**

Georgian Clinics unites 27 regional and community hospitals across the capital city and regions. The business actively implements and develops medical services nationwide, making both basic and innovative healthcare accessible in major cities and mountainous regions.

At the Kutaisi Referral Hospital, the Neurosurgery Department performs surgical treatments for spinal and brain pathologies using modern techniques. Procedures include surgery for brain and spinal tumors, surgery for degenerative diseases of the spinal column, and surgical treatment of traumatic injuries to the brain, skull base, cranial vault, spinal column, and spinal cord.

After successfully obtaining international accreditation, the Kareli Clinic has also been authorized to provide surgical and intensive care services and has introduced a multi-layer computed tomography service.

Business units of this division include, but are not limited to:

- Telavi referral hospital;
- Kobuleti hospital;
- Poti hospital;
- Zugdidi referral hospital;
- Akhaltsikhe referral hospital;
- Akhalkalaki hospital;
- Kutaisi referral hospital;
- I. Tsitsihvili children's clinic.

• **Clinics**

Evex operates the most extensive network of medical facilities in Georgia, comprising 15 clinics and the Children's Neurodevelopment Center, "Karavi." This expansive network enables the provision of comprehensive outpatient services across various specialties, ensuring that patients throughout the country have access to high-quality, affordable healthcare.

The range of medical services (42 services in total) offered by Evex includes, but is not limited to:

- Allergology
- Angiology
- Gastroenterology
- Dermatology
- Endocrinology
- Cardiology
- Neurology
- Ultrasound Imaging
- Ophthalmology
- Otorhinolaryngology (ENT)
- Orthopedics/Traumatology
- Pediatrics
- Surgery
- Internal Medicine
- Hematology etc.

Each clinic is staffed with highly qualified medical professionals dedicated to delivering patient-centered care. The integration of advanced medical technologies and a commitment to continuous improvement underpin mission of Evex to create a healthier future for every patient through accessible and high-quality services.

- **Diagnostics**

Megalab is the largest diagnostic, educational, and scientific innovation center in the Caucasus region, dedicated to achieving optimal results while ensuring continuous patient satisfaction. As the country's leading laboratory, Megalab prioritizes innovation, safety, and the creation of opportunities to meet the evolving needs of patients.

Serving over 2,000 patients daily, Megalab conducts more than 7,000 tests per day, totaling over 2,700,000 tests annually. With more than 50 advanced medical devices, over 800 test types, and collaborations with more than 150 partners, including top clinics and insurance companies across Georgia, Megalab continues to lead the industry in diagnostic excellence and innovation, additionally, Megalab operates 24/7, offering a full range of diagnostic tests to its customers.

Subsidiaries

#	Subsidiary	%, Share	Type of ownership ¹	I/N	Date of Establishment	Industry
1	Vian JSC	100%	Direct	402295716	30.11.2023	Healthcare
2	Caucasus Medical Center LLC	99.80%	Indirect	404925747	01.12.2012 ²	Healthcare
3	Vian Logistics LLC	100%	Indirect	405085161	13.02.2015	Healthcare
4	Kutaisi Regional Mother and Infant Treatment-Diagnostic Centre JSC	67%	Indirect	212674738	05.05.2003 ³	Healthcare
5	West Georgia Medical Center LLC	67%	Indirect	212841424	15.10.2004 ⁴	Healthcare
6	Vian LLC	100%	Indirect	402236601	05.09.2022	Healthcare
7	BONO Healthcare LLC	100%	Indirect	402281730	15.06.2023	Healthcare
8	Georgian Clinics JSC	100%	Direct	404476205	01.08.2014	Healthcare
9	Emergency Service JSC	85%	Indirect	401984965	18.06.2013 ⁵	Healthcare
10	Pediatry JSC	100%	Indirect	200104840	05.09.2003 ⁶	Healthcare
11	Tskaltubo Regional Hospital LLC	67%	Indirect	221269963	29.09.1999 ⁷	Healthcare
12	Georgian Clinics LLC	100%	Indirect	402290677	29.09.2023	Healthcare
13	Evex JSC	100%	Direct	405670000	01.04.2019	Healthcare
14	Polyclinic Vere JSC	97.35%	Indirect	404548156	22.11.2013 ⁸	Healthcare
15	New Dent LLC	75%	Indirect	405308368	24.12.2018	Healthcare
16	EKIMO APP LLC	100%	Indirect	405663189	5.12.2023	Programming
17	Mkurnali 2002 LLC	100%	Indirect	200079654	08.04.2004 ⁹	Healthcare

¹ For more details on the type of ownership, refer to - *Organizational Structure*.

² Date of acquisition 30.06.2015

³ Date of acquisition 29.11.2011

⁴ Date of acquisition 29.11.2011

⁵ Date of acquisition 01.03.2015

⁶ Date of acquisition 06.07.2016

⁷ Date of acquisition 29.11.2011

⁸ Date of acquisition 25.12.2017

⁹ Date of acquisition 01.12.2023

18	Krol Medical Corporation Georgia LLC	100%	Indirect	400386042	29.02.2024 ¹⁰	Healthcare
19	Mega Lab JSC	91.98%	Direct	405211319	06.06.2017	Healthcare
20	Patgeo LLC	91.98%	Indirect	409434018	13.01.2010 ¹¹	Healthcare
21	Vabaco International LLC	100%	Indirect	402209436	30.03.2022	Programming
22	Ekimo JSC	100%	Direct	402199599	14.12.2021	Programming
23	ITFY LLC	100%	Direct	402264072	01.02.2023	Programming
24	Diflex JSC	40%	Direct	405183368	29.12.2016 ¹²	Other

The Group has also established the following non-profit organizations under Vian JSC:

#	Subsidiary	Subsidiary / Associate	I/N	Date of Establishment	Industry
1	Healthcare Association N(N)LE	Associate	405142689	25.03.2016	Healthcare
2	Blood Center N(NL)E	Subsidiary	412785339	31.05.2024	Healthcare
3	Georgian Medical Tourism Council N(N)LE	Associate	405335221	16.05.2019	Healthcare

The Group has also established the following non-profit organization under Georgian Clinics JSC:

#	Subsidiary	Subsidiary / Associate	I/N	Date of Establishment	Industry
1	EVEX Learning Centre N(N)LE	Subsidiary	412695294	20.12.2013	Healthcare

The Group has also established the following non-profit organization under Mega Lab JSC:

#	Subsidiary	Subsidiary / Associate	I/N	Date of Establishment	Industry
1	Scientific- Research Center - Mega-Lab N(N)LE	Subsidiary	405462887	25.05.2021	Other

Operational Overview

Hospitals and clinics under Group's management use other resources like hospital beds and employees. Overview of these resources, with their utilization and additionally other outcomes of operational efficiency are represented below:

	Large and Specialty Hospitals		Regional and Community Hospitals	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Number of hospital beds	1,165	1,190	1,054	1,035
Number of employees	4,679	4,719	4,415	3,561
Number of doctors	1,566	1,580	1,463	1,076
Number of nurses	1,397	1,412	1,253	987
Average length of stay (days)	5.0	4.9	4.1	4.5

¹⁰ Date of acquisition 01.05.2024

¹¹ Date of acquisition 01.08.2016

¹² Date of acquisition 12.11.2021, It is not a subsidiary; it is an associate.

Hospitals bed occupancy rate, %	66.5%	53.5%	58.1%	44.3%
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The market share by number of beds for large and specialty hospitals, as well as regional and community hospitals combined, was **14.0% in 2023** and **14.0% in 2024**.

	Clinics	
	31-Dec-24	31-Dec-23
Number of registered patients*	394,294	405,886
Number of employees	1,596	1,529
Number of doctors	863	827
Number of nurses	144	151

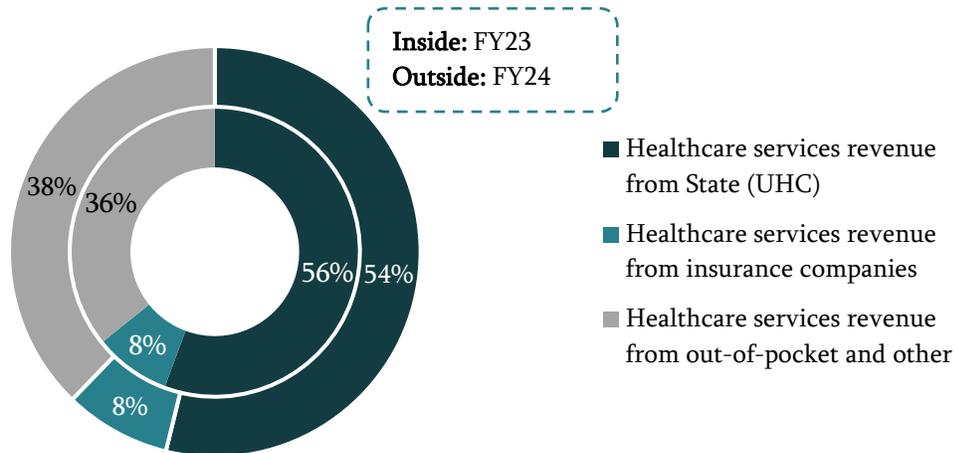
Please note that the reduction in the number of registered patients is not due to patient leakage, but rather a result of referrals to Georgian Clinics' hospitals. Approximately 24,000 patients were re-registered from polyclinics to Georgian Clinics' hospitals in Feb-2024.

	Diagnostics	
	31-Dec-24	31-Dec-23
Number of patients served (*000)	808	779
Number of tests performed (*000)	2,712	2,481
Average number of tests per patient	3.4	3.2
Number of employees	280	273

Key Customers and Suppliers

The Group's revenue comprises three types of payments: (i) Out-of-pocket payments, (ii) state payments, and (iii) private insurance payments. Notably, no individual client or insurance company independently accounts for more than 10% of the Group's revenue.

Patient-Payor mix for respective years are represented below:



- The largest portion (54% as of 2024) of revenue comes from the State Universal Healthcare Program (UHC), which covers individual patients relying on government-funded care.

- A significant share (36% as of 2024) is derived from self-paying patients who opt for services, specialized treatments, and elective procedures, offering flexibility in pricing and service offerings.
- Private insurance (8% as of 2024) includes individuals covered under corporate health insurance plans and voluntary private health coverage.

The Group procures the majority of its medical supplies from a list of preferred suppliers through a tender process, leveraging its scale as the largest buyer in Georgia. The supplier base consists of agents and distributors of medicines, medical consumables, disposable products, and medical equipment. Supplies are purchased centrally and distributed across the Group’s facilities. The Group primarily purchases pharmaceuticals on the local market; however, a portion is imported from Germany, Türkiye, and China. The Group sources from a diverse range of suppliers and is not reliant on any single provider. Notably, no individual supplier accounts for 10% or more of the Issuer’s expenses.

The Group maintains high service standards by sourcing the majority of its medical and non-medical supplies and equipment from internationally recognized suppliers known for their quality and reliability. The Issuer’s clinics are equipped with modern medical and diagnostic equipment from leading multinational companies based in the United States, the United Kingdom, Germany, the Netherlands, Japan, Sweden, Belgium, and Switzerland. Key suppliers include GE, Johnson & Johnson, Siemens, Philips, Dräger, B. Braun-Aesculap, Getinge, Olympus, Fujifilm, Roche Diagnostics, Sysmex, and Leica. In 2023, the top 10 suppliers accounted for 5% of total expenses, while in 2024, this figure was 5%.

Significant Events in the Development¹³ of the Group's Business Activities

- | | |
|-----------------------|--|
| 1990..... | <ul style="list-style-type: none"> • Established as an independent insurance provider under the brand name Aldagi and grown this business through a series of mergers and acquisitions. |
| 2006..... | <ul style="list-style-type: none"> • Opened first ambulatory clinic in Tbilisi |
| 2008-2012..... | <ul style="list-style-type: none"> • Integrated GHG’s rapidly growing medical insurance and healthcare services businesses and completed multiple acquisitions and opened new healthcare facilities. |
| 2013..... | <ul style="list-style-type: none"> • Opened a further four new hospitals and an ambulatory clinic. • Acquired Caraps Medline, a specialty hospital in Tbilisi with a 60-bed capacity. |
| 2014..... | <ul style="list-style-type: none"> • Acquired Avante Hospital Management Group in February, the second largest healthcare provider in Georgia by number of beds. • In May, acquired Sunstone Medical LLC (later renamed to Iv. Bokeria University Hospital), which owned an under-developed hospital in East Tbilisi that had not been operational for several years. GHG renovated the Tbilisi Referral Hospital, which fully opened in December 2017 with a total of 332 beds, in order to access the East Tbilisi healthcare services market and referrals from East Georgia. |
| 2015..... | <ul style="list-style-type: none"> • Acquired a 95% equity interest in Deka (Later renamed to Caucasus Medical Center) in June. Caucasus Medical Center owns a hospital with a potential 350 bed capacity located on 2.4 hectares of land in a prime location in Tbilisi. GHG undertook a substantial renovation of this hospital during the course of 2015 and early 2016. • In November 2015, GHG [PLC] had a successful IPO and premium listing on the London Stock Exchange. |

¹³ This subsection also includes information on mergers, acquisitions, and demergers.

- 2016.....
 - Acquired the remaining 33.3% minority shareholding of Iashvili Referral Hospital in February, expanding its portfolio to 44 healthcare facilities with a total of 2,588 beds.
 - Acquired a 100% equity stake in JSC GPC, then one of the top three pharmaceutical retailers and wholesalers in Georgia, and JSC GPC's 35% equity stake in Temka referral hospital, in March.
 - In November, acquired a 67% equity stake in JSC ABC Pharmacia, then the fourth largest pharmaceutical retailer and wholesaler in Georgia.

- 2017.....
 - Acquired 100% share capital of Khashuri and Qareli community hospitals from IC Group, increasing the number of community hospitals in the Group to 22, with 555 beds in total, in July.

- 2018.....
 - In December, announced the completion of the construction of its Mega Laboratory, the largest diagnostics laboratory in Georgia as well as in the entire Caucasus region.
 - Announced its entry into the Georgian dental market by launching dental clinics within the Group's polyclinics, in December.

- 2020.....
 - Sold 40% ownership interest in HTMC.
 - Launched EKIMO application.

- 2021.....
 - Signed a share purchase agreement to acquire a 33% minority interest in its retail (pharmacy) business (JSC Georgian Pharmacy ("GEPHA")), which will be spread out over the next six years.
 - Sold 100% equity interest in one of its lowest ROIC generating hospitals Traumatology Hospital, for US\$ 2.9million.

- 2022.....
 - Based on the agreement signed in 2021, acquired 10% of Retail (pharmacy) business from minority shareholders.

- 2023.....
 - Based on the agreement signed in 2023, additional 20.5% of the retail (pharmacy) business was acquired from minority shareholders.
 - In December 2023, structural changes were made within the group. Hospitals business was defined by 7 large and specialty hospitals and continued positioning under the name of "Vian". Regional hospitals (earlier presented as a part of Hospitals business) and Community Hospitals (previously managed by Clinics and Diagnostics business) is now formed by a newly established "Georgia Clinics". Polyclinics and Diagnostics segment includes 18 polyclinics and „Mega Lab" laboratory.

- 2024.....
 - In January 2024, GHG and JSC Ardi Insurance ("Ardi") signed a Memorandum of Understanding ("MOU") to acquire the insurance business from Ardi. By acquiring a GEL 73 million portfolio of insurance contracts and brand name from Ardi, the combined market share of the Group's parent, GCAP, of medical insurance business will make it the largest health insurer in the country.
 - GCAP aimed to consolidate all its insurance subsidiaries under its insurance sub-holding, "A Group." Accordingly, in June 2024, "A Group" - a sister company of the Group and a subsidiary of JSC Georgia Capital acquired 100% of Ardi from the Group.
 - In 4Q24, following parent company's strategic decision, **Pharmacy segment demerged** from the GHG group and now operates as a separate business under GCAP's umbrella.

Seasonality

Healthcare facilities of the Group often experience fluctuations in patient volumes throughout the year. During the winter months, there is typically an increase in respiratory illnesses, flu cases, and other seasonal infections, leading to higher inpatient and outpatient admissions.

Conversely, the summer months often see a decline in general medical visits, as people are more likely to travel or postpone non-urgent procedures. This decline is particularly noticeable in the second half of July, August, and September, which are among the lowest-performing months in terms of admissions and financial metrics.

Seasonal trends tend to have a greater impact on non-urgent and elective care services, while urgent care volumes remain relatively stable.

Strategy and Objectives

The Group's strategy is focused on expanding patient acquisition to maximize the utilization of existing facilities. Moving forward, the Group will continue to grow its registered customer base, extend medical and personal care services, and develop remote channels such as a call center while enhancing its digital platform to improve customer convenience and user experience. The diagnostics business aims to increase utilization (currently at approximately 60%) by expanding the retail network, securing additional B2B contracts, and introducing advanced technologies such as next-generation sequencing. Additionally, from a clinical perspective, the Group remains committed to maintaining the highest standards in clinical processes and developing an accredited training center, residency program, and scientific research hub.

A key strategic focus is increasing revenue streams from elective care and outpatient services, which are not subject to state funding. These services offer higher margins and significantly faster cash collection periods, ensuring improved financial performance. Expanding specialized services such as oncology, cardiology, pediatric care, and advanced diagnostics will further strengthen the Group's market position and revenue generation.

- Expansion Strategy

The Group intends to expand its hospital network, particularly in Tbilisi, to capitalize on strong local demand. This includes increasing market share through the launch of new ambulatory clinics and selectively growing capacity at existing sites.

The Group's strategy is to increase the share of outpatient services in its revenue, aiming to make preventative care more accessible to the population while also benefiting from the typically lower operating and service costs compared to inpatient care.

As part of its ongoing strategy, the Group is advancing two key projects currently in the development phase:

Oncology Project – GHG's hospitals in Tbilisi do not currently provide oncology services, whereas its facilities in Kutaisi offer comprehensive oncology care. To address this gap, the Company plans to establish an oncology center in Tbilisi by 2025. These initiatives are expected to create an additional revenue stream for the business. This investment will (i) significantly improve access to advanced cancer treatment for patients across the country, reducing the need for travel and enabling earlier diagnosis and intervention; (ii) support the local healthcare system by creating specialized job opportunities, fostering medical expertise, and strengthening Georgia's overall capacity to manage non-communicable diseases.

The Group has an established customer base in both Kutaisi and Tbilisi. While making a significant social impact, it also aims to strengthen its market position.

Outpatient Project – Outpatient services represent a significant portion of the Group's revenue, offering higher margins and faster cash collection. Expanding outpatient services is expected to enhance financial performance and operational efficiency, as outpatient care typically incurs lower operating costs and lower cost of services compared to inpatient services. Unlike inpatient care, outpatient services require fewer resources, such as overnight beds, extensive nursing care, and medical consumables. This enables hospitals to serve a larger patient volume more efficiently, optimizing resource allocation and profitability.

The Group's capital expenditure strategy includes substantial investments in outpatient services, focusing on the renovation and construction of outpatient wards and departments, as well as the acquisition of essential medical equipment. Planned investments include MRI and ultrasound machines. Beyond being highly profitable, these developments will not only enhance the quality and availability of healthcare services in underserved regions but also reduce patient travel time and associated costs, allowing for earlier diagnoses and more effective treatment plans. By decentralizing care and strengthening regional

infrastructure, the initiative promotes greater healthcare equity, supports preventive care, and alleviates pressure on hospital-based services in urban centers.

- **Digitalization Strategy**

The Group is accelerating the digitalization of its healthcare operations to enhance efficiency, improve patient experience, and optimize cost structures. Key initiatives include the automation of clinical processes, digitalization of clinical KPIs, and the integration of advanced statistical methods to improve diagnostics and treatment planning. Investments in telemedicine, AI-driven diagnostics, and a more user-friendly digital platform will drive patient engagement and streamline service delivery.

Additionally, the development of data-driven decision-making tools will enable the Issuer to improve operational efficiency and patient outcomes. The digital transformation will also support remote healthcare services, ensuring broader accessibility and convenience for patients.

- **Operational Efficiency and Cost Optimization**

The Group is committed to enhancing operational efficiency to improve margins. With the centralization of administrative functions already in place, the Group is focused on further efficiency gains through improved resource utilization, expanded KPIs, and benchmarking against international best practices. Additional consolidation of services—including blood banks, laundry, waste management, archives, call centers, and clinical engineering—is expected to drive cost efficiencies across the network.

- **Introduction of New Services**

The Group is actively expanding its service offerings to capture additional revenue streams. The introduction of elective care services, specialized outpatient treatments, and clinical trials will enhance the Group's competitive positioning. Plans include the launch of Transplantology services, expansion of oncology care, and the development of advanced clinical research programs.

- **Social Responsibility and Impact Strategy**

As part of its commitment to social responsibility, the Group is the sole provider of pediatric oncology services in Georgia, offering free treatment under a government-subsidized program. In 2024, the Group treated 576 children with various oncology disorders and provided onomatology treatment to 85 patients.

The Group also continues to invest in making healthcare services accessible to disadvantaged populations. In 2024, the Group conducted 24 free screening programs, benefiting over 27,000 patients. Additionally, GEL 1.8 million was allocated to free medical services for socially and economically vulnerable groups. The Group supports the Georgian Solidarity Fund and collaborates with charitable organizations to provide discounted services to children diagnosed with leukaemia and cancer.

As part of the broader ESG strategy, this social bond issuance aligns with Group's commitment to improving healthcare accessibility and social impact. Part of the proceeds from the Bond issuance will support targeted social initiatives, ensuring financial sustainability while delivering essential medical services to underserved communities.

Competitive Advantages

- **Range of Services and Market Positioning**

The Group's comprehensive portfolio and extensive diagnostic capabilities provide a full range of healthcare services. Such broad coverage enables the Group to meet the diverse needs of patients at both outpatient and inpatient levels across various specialisations.

- **Economies of Scale**

GHG benefits from significant economies of scale, which allow the group to negotiate better terms with suppliers and achieve cost efficiencies across its operations. The scale of its network of hospitals, clinics, pharmacies, and diagnostic services provides GHG with greater bargaining power, leading to lower procurement costs for medical supplies, equipment, and pharmaceuticals. Additionally, the large size of the organization enables it to better manage and adapt to regulatory changes and healthcare reforms, as it can quickly implement system-wide adjustments and absorb potential cost increases.

- **Vertical Integration for Operational Synergies**

One of GHG's key competitive advantages is its vertically integrated structure. The integration of hospitals, clinics, and diagnostic services creates significant operational synergies. Streamlining processes — from procurement to patient care — results in reduced operating costs and improved quality of services.

In addition, the integration of data across service delivery platforms facilitates the sharing of patient information, ensuring continuity of care, better clinical outcomes, and a reduction in errors.

- **Financial Performance and Growth Prospects**

The Group has consistently demonstrated financial growth, supported by strategic investments and a diversified revenue base. The Group's ability to generate significant cash flow from multiple streams has enabled it to expand rapidly, both organically and through strategic acquisitions. Furthermore, the Group's partnerships with international financial institutions, provide strong financial backing, enabling continued investment in infrastructure and innovation. For more details, please refer to – *Financial Review*.

- **Innovation and Technological Advancements**

In the dynamically evolving healthcare sector, the Group stands out for its proactive approach to technology integration. This platform enhances patient engagement and improves the efficiency of healthcare delivery through the integration of digital tools such as appointment scheduling, diagnostics, and post-treatment patient management.

Furthermore, the opening of Megalab underscores the Group's commitment to innovative infrastructure, significantly improving both the quality and accessibility of services.

- **Management Structure and Vision for the Future**

The Group is led by an experienced management team with deep expertise in the healthcare sector. The Company's sole shareholder, Georgia Capital – one of the largest private investment funds in Georgia – continues to provide strong support to the Group.

This support enables the Group to make significant investments in infrastructure, expand its services, and maintain a strategic focus on growth and innovation in the healthcare sector.

- **Financing Model and Revenue Sources**

The Group benefits from diversified revenue streams, which include private insurance, state programmes, and out-of-pocket payments by the population. In periods of economic downturn, this balanced payer structure plays an important role in maintaining the Group's financial stability, while in times of economic growth it supports the optimisation of profitability.

This structure enables the Group to serve a wide range of patients, both insured and uninsured. The diversity of payment sources enhances the Group's resilience and ensures the accessibility of healthcare services for different segments of the population.

Sales and Marketing

The Group's success depends on its brand reputation, as integrity, customer trust, and confidence are crucial in its industry. The marketing strategy focuses on building strong brand recognition and reinforcing its image as a trustworthy, innovative, and reliable provider. This is achieved through advertising, high-quality customer service, efficient claim settlement, innovative offerings, and competitive pricing.

The strategy emphasizes market development as the Group expands its healthcare facilities across Georgia, using a segmentation approach that targets both mass and mid-to-high-income individuals. While large and specialty hospitals, and regional clinics, rely on minimal marketing, Evex and Mega Lab have tailored marketing strategies for their respective segments.

- **Evex Rebranding Initiative**

Evex has undergone a rebranding, shifting its focus from symptom management to a preventive medicine and wellness model. This strategic development aims to provide innovative healthcare services and promote healthier lifestyles.

- **Health Coach Program**
In partnership with UKIHCA, Evex offers a seven-month training program for family physicians to become certified Health Coaches, integrating preventive care and patient-centered approaches.
- **Wellness Club**
The Evex Loyalty Program is being transformed into a membership-based Wellness Club, providing access to medical services, wellness support, and educational resources on healthy living.
- **Corporate Wellness Programs**
Evex offers tailored healthcare packages and discounts for organizations, along with the "One Free Health Day" initiative for employees to focus on their well-being.
- **"1001 Reasons to Live Longer" Campaign**
In collaboration with Holy Motors, this awareness campaign uses video content and an interactive website to promote primary healthcare and strengthen Evex' position as a leading healthcare provider in Georgia.

- **Mega Lab Marketing Campaign**

In 2024, Mega Lab launched the "Everything Has an Answer" campaign with JWT Metro, highlighting the importance of lab diagnostics. The campaign emphasized Mega Lab's accuracy, reliability, and technology, while also showcasing the role of laboratory professionals in ensuring proper diagnoses. The message "Every Question Has an Answer at Mega Lab" reflected the lab's commitment to precision and excellence.

Description of Resources Used in Business

- **Medical Equipment**

The Group's business operations are highly dependent on a well-developed and high-quality infrastructure to ensure the delivery of advanced medical services and patient care. Some of them are represented below:

Equipment	Supplier	Description
Linear Accelerators (Varian TrueBeam, Varian Clinac iX).....	Varian	Oncology therapy services.
Magnetic resonance imaging (MRI) scanners.....	Siemens, General Electric	AI-driven MRI scanners that enhance diagnostic accuracy and improve image quality.
Computed tomography (CT) scanners	Canon, General Electric, Siemens	High-resolution imaging devices, including the 640-slice Canon Aquilion CT scanner.
Ultrasound Systems	Philips Affiniti CVx, GE Voluson, BK Medical, Toshiba, Mindray	State-of-the-art ultrasound systems used for diagnostic and interventional procedures in outpatient and inpatient departments.
Laboratory Analyzers.....	Abbott, Roche, Sysmex, Siemens, Ortho Clinical, Human, Mindray	High-accuracy analyzers.

- Hospital IT systems

The Group's operations rely on advanced clinical IT systems designed to enhance efficiency, accuracy, and data security across medical and administrative processes. These systems encompass patient registration, medical records, treatment history, laboratory testing and radiology requests, invoicing, and variable payroll calculations.

Back-Office Systems

The Group utilizes Exact Globe accounting software for accounting transaction entries, ensuring accurate financial reporting and compliance. The core IT infrastructure consists of enterprise systems from HP, Cisco, and IBM, with a multi-tier redundancy and emergency recovery framework to safeguard operations. The outsourced data center housing the Group's servers is built with stringent security controls and ITIL-compliant disaster recovery/business continuity plans.

Key protection measures include:

- Hard drives, fans, network cards, and power supplies to ensure system reliability.
- Backup to alternate locations for rapid recovery in case of system failures or facility outages.
- Offsite storage of backup systems to prevent data loss due to catastrophic events.
- McAfee (Trellix) Data Loss Protection software and continuous corporate security monitoring to safeguard information flows.

Vabaco

Vabaco is a leading business software provider in Georgia, specializing in digital transformation solutions. Established in 2014, Vabaco develops and supplies a medical information system, inventory management system, and a comprehensive HR and payroll solution. The entire Group, including its four subsidiaries, utilizes Vabaco software for billing, HR modules, and other operational processes. Additionally, Vabaco provides software and services to third-party clients, generating additional revenue streams for the Group.

EKIMO

EKIMO is a digital healthcare platform that integrates doctors, laboratories, clinics, and pharmacies into a unified system for seamless access to medical services. Through EKIMO, users can:

- Book remote consultations with physicians
- Order laboratory tests at home
- Purchase medications through an online pharmacy

EKIMO's software includes both the Group's healthcare facilities and third-party providers, expanding its reach and accessibility within the digital healthcare market.

Description of Business Processes and Quality Control

Healthcare providers within the Issuer's network are expected to maintain medical facility standards in alignment with WHO and select EU regulations. These standards encompass best practice-based minimum qualifications for medical and nursing staff, as well as the implementation of data collection, evaluation, and monitoring processes. The Issuer periodically measures key healthcare quality indicators, including Prevention Quality Indicators (PQI), Inpatient Quality Indicators (IQI), Patient Safety Indicators (PSI), and Pediatric Quality Indicators (PQ).

The Company has established a set of fundamental clinical standards applicable across all healthcare facilities. To ensure consistent quality of care, the Issuer has developed its own internal quality framework, the Evex Quality Standards (EQS), designed as a benchmark based on JCI, AACI and EU guidelines. EQS serves as a structured approach to analyzing and enhancing clinical outcomes, reinforcing functional efficiency, and driving continuous quality & clinical improvement while reducing variations in service quality. The EQS framework is built upon four key pillars—PQI, IQI, PSI, and PQ—which are regularly assessed.

EQS accreditation signifies compliance with international healthcare standards and mandates the integration of global best practices. The annual accreditation process prioritizes healthcare quality and patient safety, with a particular focus on infection control, medication

safety, facility safety, and overall service quality. As part of this process, clinical practices within the Issuer’s hospitals are standardized in accordance with international best practices and undergo regular audits to ensure adherence to defined objectives.

To further optimize resource allocation and operational efficiency, the Issuer is committed to developing key performance indicators (KPIs) for various processes, monitored on a periodic basis. According to EQS standards Internal Audit system is established to quarterly measure and monitor patient safety and Quality indicators.

To achieve higher quality and patient safety in all Hospitals, Quality Committee monitors the following KPIs:

- Surgical safety checklist
- Hand hygiene 5 moments compliance
- HAI surveillance (rate < 9 per 1000 patient days)
- SSI (monitoring system)
- CLABSI Central Line Associated Blood Stream Infection per 1000 Central line days (monitoring system)
- CAUTI Catheter Associated-Urinary Tract Infection Rate per 1000 catheter days (monitoring system)
- Perioperative Antibiotic prophylaxis (adult & pediatric)
- VAP Ventilator-associated Pneumonia Rate per 1000 Ventilator days (monitoring system)
- Patient Fall Risk Prevention Compliance Rate
- KPI digitalization Project in PBI
- Medical Record management dashboard
- Electronic ISBAR implementation - doctor
- Electronic ISBAR implementation - nurses
- Continuous medical education monitoring system

Dedicated hospital committees will oversee policy updates, procedural compliance, and continuous improvement initiatives. Additionally, infection control measures have been implemented across all hospitals in collaboration with leading external consultants, including JCI Consultancy, AACI Consultancy, CDC Atlanta, CDC Georgia, Emory University, and the WHO European Regional Office.

Licenses and Patents

To ensure the above-mentioned quality control processes, the company collaborates with internationally recognized providers to obtain accreditation. Re-accreditation occurs every 2-3 years (depending on the provider). It is important to note that re-accreditation is a much simpler process than initially obtaining accreditation. This is because all necessary capital expenditures have already been made, departments are properly organized, staff has been trained, and the team is well-versed in all the required standards, making the process significantly smoother.

Relevant accreditations by business divisions, are represented below:

Large and Specialty Hospitals



- Caucasus Medical Center (CMC) is the first **JCI**-accredited multi-profile referral hospital in the country.
- Caraps Medline is now a multi-profile clinic accredited by the American Accreditation Commission International (**AACI**).
- The Western Georgia Medical Center is the first and only multi-profile hospital in Western Georgia to receive recognition from the **AACI**.
- M. Iashvili Batumi Central Hospital for Mothers and Children has become the first internationally accredited pediatric medical center in Western Georgia, earning the highest status for clinical quality and patient safety from the **AACI**.
- Iv. Bokeria University Hospital has achieved **AACI** accreditation for patient safety and medical quality, receiving the highest rating.

Regional and Community Hospitals.....



- All 27 medical institutions within the "Georgian Clinics" network have received international accreditation. The **KTQ** certification confirms that these facilities provide a patient-centered environment and meet high standards of medical service in accordance with international requirements.

Clinics



- The Evex chain meets the international standard requirements of the ISO 9001:2015 quality management system.
- It is certified by **TÜV AUSTRIA**.

Diagnostics.....



- On July 24, 2022, Megalab became the first medical laboratory in the South Caucasus to receive **JCI** accreditation.
- On July 11, 2024, the State Agency for Accreditation – the **Accreditation Center** – granted Megalab an accreditation certificate. This certificate confirms that Megalab is accredited in compliance with the requirements of the SS ISO 15189:2012/2015 within the defined scope.

It is noteworthy that, starting in 2025, new regulations in the healthcare system will require facilities to obtain international accreditations in order to operate. All of GHG's facilities are already in compliance with these requirements. For more details, please refer to – *Regulatory Overview*.

Material Agreements

- Lease Agreements

The company has leased buildings for 11 polyclinics, with each lease agreement specifying distinct [termination] notice periods. In certain cases, agreements with service providers are automatically renewed upon expiration.

The details of these clinics and their respective lease deadlines are provided below:

#	Polyclinic	Expiration Date
1	Didube Polyclinic	5-Apr-2029
2	Didi Dighomi Polyclinic	2-Dec-2026
3	Batumi Polyclinic	13-May-2026
4	Varketili Polyclinic	25-Jun-2035
5	Vazisubani Polyclinic	26-Oct-2031
6	Guramishvili Polyclinic	27-Sep-2028
7	Isani Polyclinic	24-Feb-2032
8	Mtatsminda Polyclinic	19-Apr-2033
9	Karavi Centre	7-Jun-2033
10	Tsintsadze Polyclinic	30-Sep-2031
11	Saburtalo Polyclinic	1-Aug-2034

- Insurance Policy

Since the company owns expensive, high-quality buildings and medical infrastructure, it has insurance coverage totaling GEL 249.4 million (please note that this amount does not include facilities currently in the process of renewing their insurance). This amount is divided among the business units as follows:

- **Large and Specialty Hospitals:** GEL 222.6 million
- **Regional and Community Hospitals :** GEL 3.9 million
- **Diagnostics:** GEL 19.2 million
- **Polyclinics:** GEL 3.7 million

The provider of insurance services is the insurance company Aldagi. The policies typically have a 1-year maturity and are therefore renewed annually.

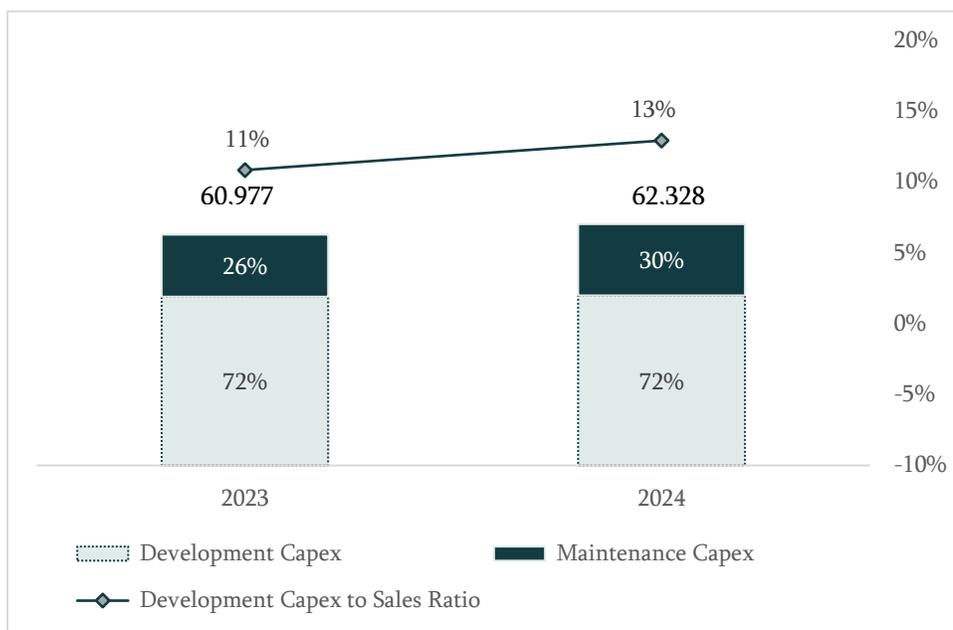
The Issuer does not have any [other] material agreements that could have a significant impact on the Company's business continuity or financial performance.

Investments

The Group classifies its capital expenditures into two main categories:

- **Development capex** - includes capital expenditures incurred to upgrade and improve services and medical equipment. This primarily comprises the acquisition of new medical equipment, development of IT infrastructure, and investments required for the introduction of new services.
- **Maintenance capex** - includes capital spending the Group undertakes to maintain its existing level of operations, which encompasses the repair, replacement, and upgrading of existing equipment.

Figure 1: Breakdown of the Group’s capital expenditures into development and maintenance CapEx ('000 GEL):



In 2023, regulations related to hospital room standards for healthcare facilities were tightened. Specifically, the minimum distance requirements between beds and between beds and walls were increased. As a result, sector participants were required to temporarily close and renovate the relevant healthcare facilities.

During the second half of 2023 and the first half of 2024, the Group carried out capital expenditures necessary to comply with the new regulations, part of which was reflected under maintenance CapEx and part under development CapEx.

The Company’s development CapEx primarily includes the acquisition of medical equipment and the introduction of new services, as well as improvements to buildings, regulatory CapEx, investments in electronic equipment, intangible assets, and IT infrastructure.

The breakdown of development CapEx by period is presented in the following table:

<i>Breakdown of group's development CapEx, '000 GEL</i>	<i>2024</i>	<i>2023</i>
Building enhancements, renovation/refreshment of existing facilities and regulatory capex	12,535	19,906
Development of intangible assets	7,713	12,578
Medical Equipment and new services	15,721	8,376
Electronic equipment and IT infrastructure	5,593	1,895
HO	2,378	1,483
Motor vehicles	-	364
Total Development CapEx	43,940	44,603

The acquisition of medical equipment was primarily aligned with the Group's strategy to increase the share of outpatient services in total revenue. To support this goal, the Group purchased additional oncology-related equipment, including MRI, CT, ultrasound machines, and others.

Investments in intangible assets mainly included the development of the Ekimo's application and investments in the Vabaco platform.

HO refers to expenditures mainly associated with the construction and renovation of the head office.

Motor vehicle investments relate to the acquisition and maintenance of vehicles primarily used for emergency-related business operations.

The Group plans, going forward, to increase the share of outpatient (ambulatory) services in its revenues and, for that purpose, intends to purchase the necessary equipment. In addition, the Group plans to open the Tbilisi Oncology Center and acquire the appropriate medical equipment. It is planned that average annual capital expenditures for these and other (including maintenance) projects will exceed GEL 50 million, which will be funded entirely from internal cash resources. The Group expects that approximately 70% of future capital expenditures will be allocated to growth, with the remaining 30% related to maintenance capex.

Industry Overview

Overview of healthcare sector in Georgia

The Georgian healthcare industry has undergone a number of reforms and transformations during the last two decades. The Government has prioritized healthcare and ensured an influx of private investment. The key components of the national healthcare reform were privatization on a large scale, infrastructure upgrade, sector liberalization, introduction of the UHC and wider accessibility to healthcare services as the major outcome.

Healthcare System in Georgia, 2024

The healthcare sector in Georgia is structured as a mixed system, comprising both public and private providers. The private sector dominates healthcare service delivery, with most hospitals and clinics operated by private entities, while the government plays a significant role in healthcare financing through the Universal Healthcare Program and various targeted state-funded programs. The sector is moderately concentrated, with ten major hospitals accounting for nearly 50% of total market revenue, while the remaining share is distributed among smaller providers.

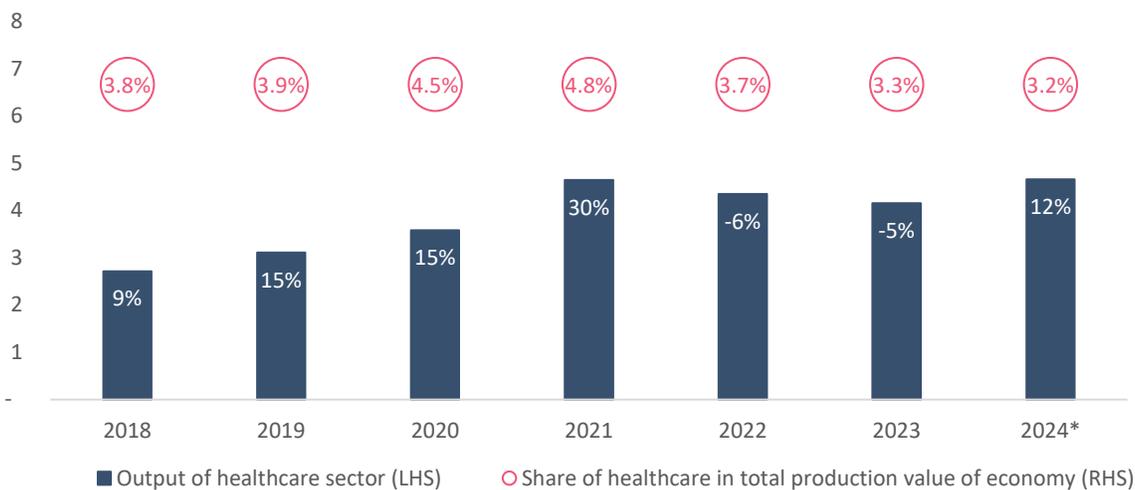
Financial and Economic Overview of the Healthcare Industry

The healthcare industry is one of the most dynamic and fast-developing sectors. Driven by factors on both the demand and supply sides, the total output of this sector has been increasing.¹⁴ During the 2018–2023 period, the total CAGR was 9.4%. Between 2018 and 2024, the healthcare sector's share in the total economic output decreased from 3.8% (2018) to 3.2% (2024), indicating that the sector grew at a slower pace than other industries in the economy.

- **From 2018 to 2021**, Georgia's healthcare sector experienced steady and then accelerated growth, with output increasing from 2.7 bn GEL in 2018 to 4,6 bn GEL in 2021. The significant expansion in 2020 and 2021 was largely driven by the COVID-19 pandemic, which increased demand for medical services, hospitalizations, and government healthcare spending. The surge in hospital admissions, testing, and emergency healthcare provisions contributed to the sharp rise in output.
- **In 2022**, the sector's output declined to 4,350 million GEL, marking a 6% YoY decrease, followed by another 5% decline **in 2023** to 4,150 million GEL. This downturn can be attributed to the easing of pandemic-related healthcare expenditures, fewer hospitalizations, and a gradual normalization of healthcare utilization. The end of mass COVID-related treatment programs and reduced emergency funding likely played a role in this decline.
- Despite the overall decline in 2022 and 2023, the sector rebounded in 2024, with output rising to 4.7 billion GEL, a 12% increase from the previous year. This rebound suggests that the sector is stabilizing post-pandemic.

Figure 2. The output of healthcare sector (bn GEL, LHS), its share in total output of economy (RHS) and annual growth

¹⁴ The output of the healthcare sector refers to the total value of services provided by healthcare institutions, including hospital activities, medical and dental practice activities, and other human health services. It also includes the volume of goods and services purchased for resale and changes in inventories of material circulating assets. It also includes activities related to social services.

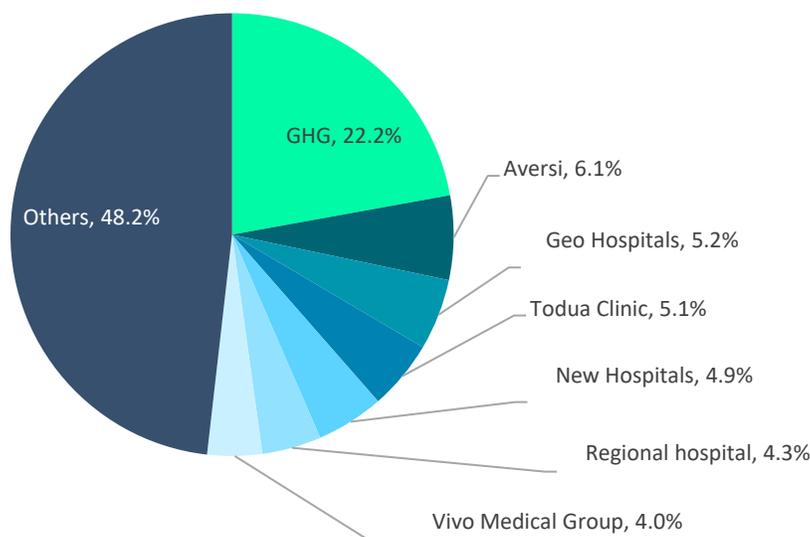


Source: Geostat, TBC Capital

*Production value also includes social work activities

The Georgian healthcare sector is moderately concentrated, with a high level of competition among market participants. Ten major hospitals account for around 50% of the market's total revenue. This structure indicates a mix of dominant firms and a fragmented segment of smaller players. A highly fragmented and competitive market, along with recent and upcoming regulations, create conditions for market consolidation.

Figure 3. Distribution of healthcare market share in terms of revenues, as of 2023¹⁵



Source: SARAS, TBC Capital

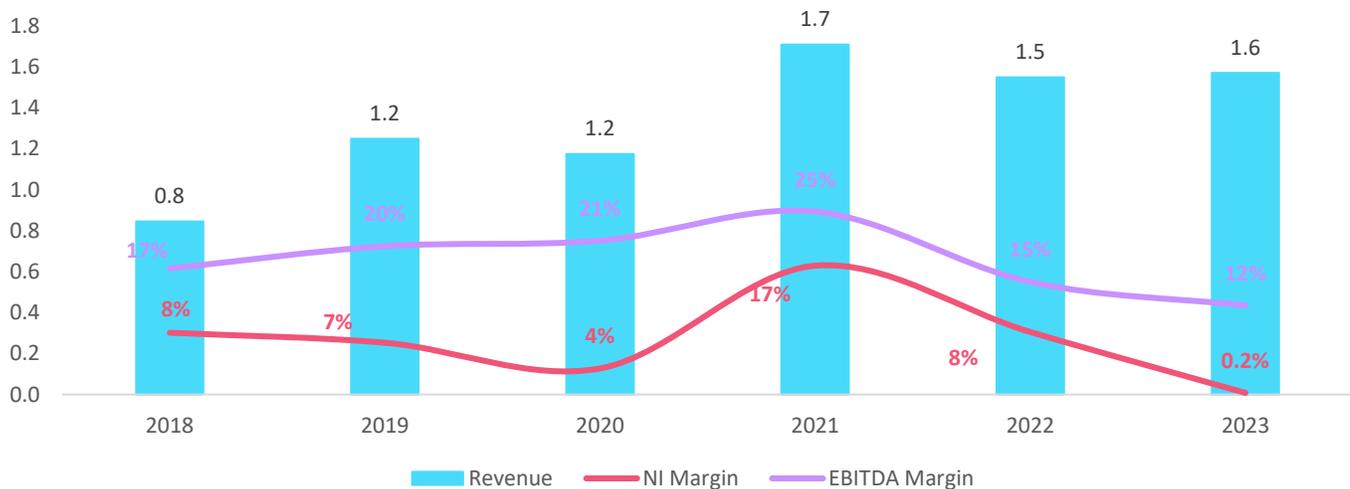
* The calculations are based on the data of 92 hospitals and clinics.

Financially, the healthcare sector has shown positive performance, with total revenue increasing from 0.8 bn GEL in 2018 to 1.5 bn GEL in 2022. The COVID-19 pandemic had a significant impact on clinic revenues and expenses in 2020, putting pressure on revenues

¹⁵ Please note that the revenues of other market players are shown as of 2022, while GHG's revenue is shown as of 2023 to avoid confusion related to the reorganization

and costs and pushed down NI margin to as low as 4%. However, in 2021, as funding for Covid management increased and improved GEL positions generated financial income for the sector, EBITDA Margin of the healthcare sector increased to 25% and NI margin increased to 17%. In 2022, the revenues in the healthcare sector stabilized and NI margin normalized at 8%, while EBITDA Margin normalized to 15%. In 2023, Georgia’s healthcare sector faced a notable decline in profitability, with the net income (NI) margin reducing at 0.2%, down from 8% in 2022. This shift marks a significant post-pandemic correction as well as increased operating and capital expenses, driven by new accreditation requirements and the associated investments in infrastructure, equipment, and quality standards. While the EBITDA margin remained positive at 12%, it also declined compared to 15% in 2022 and 25% in 2021, indicating growing pressure on operating efficiency.

Figure 4. Revenue, Net Income Margin and EBITDA Margin of Healthcare Companies, in Bn GEL, 2018-2023



Source: SARAS, TBC Capital

*The data is based on the financial statements of 92 hospitals and clinics whose reports are publicly available on the reporting portal. These revenue figures do not include the income of companies that are not required to publish financial statements, such as small clinics, dental clinics, etc. Therefore, this indicator does not reflect the exact size of the market and differs significantly from the official output figures of the healthcare sector.

Drivers of Sector Development – Demand Side

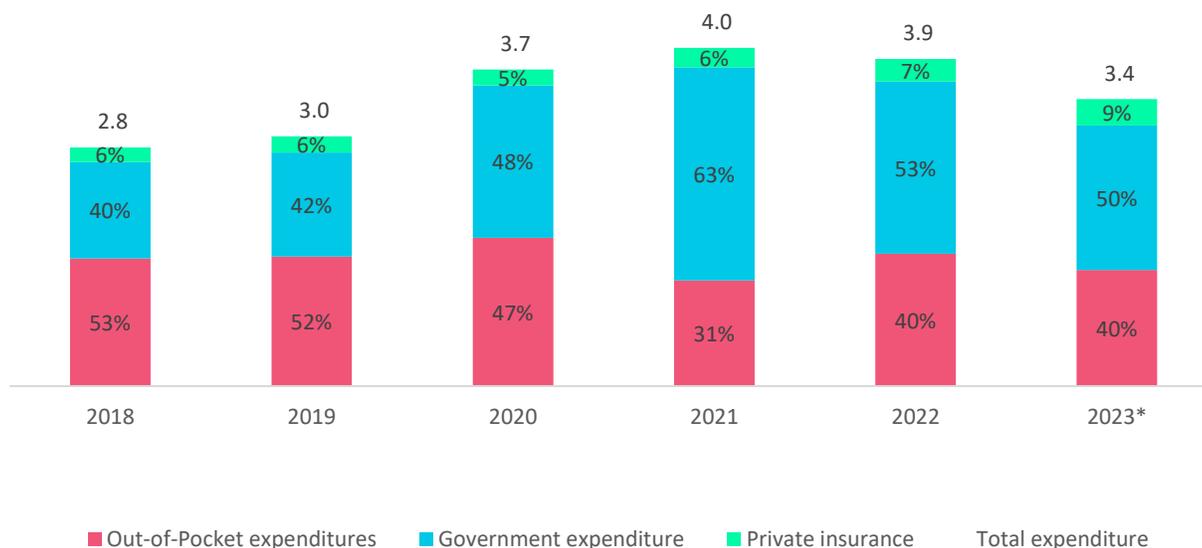
- Government Policy on Healthcare and Increasing Healthcare Expenditure

Georgia’s healthcare expenditures have seen significant fluctuations over the past six years, largely influenced by the COVID-19 pandemic and shifting patterns in public and private spending. The pandemic contributed to higher healthcare costs in 2020 and 2021, driven by emergency response measures, hospitalizations, and testing. With the easing of the pandemic in 2022, COVID-19-related expenses declined, leading to a 3% reduction in total healthcare expenditures compared to the previous year. In 2023, healthcare spending fell further by 12% year-on-year, reaching 3.4 billion GEL, as pandemic-era government funding was gradually phased out and healthcare utilization normalized. Despite this decline, total healthcare expenditure in 2023 remained 15% higher than the pre-COVID level in 2019, reflecting an overall upward shift in baseline healthcare spending.

Healthcare expenditures in Georgia are composed of three main categories: out-of-pocket spending by the population (40%), government (public) expenditure (50%), and private insurance (9%), based on 2023 data.

As the coverage of the Universal Healthcare Program expanded, the share of out-of-pocket expenditures declined significantly—from 53% in 2018 to 40% in 2023. During the same period, the share of private health insurance in total expenditures increased modestly, from 6% in 2018 to 9% in 2023, on the background of increased public expenditures and stable volume of private insurance’s expenditures. Meanwhile, the government's share of total healthcare expenditures rose from 40% to 50%, reflecting the state’s growing role in healthcare financing and access

Figure 5. Healthcare expenditure by categories, bn GEL



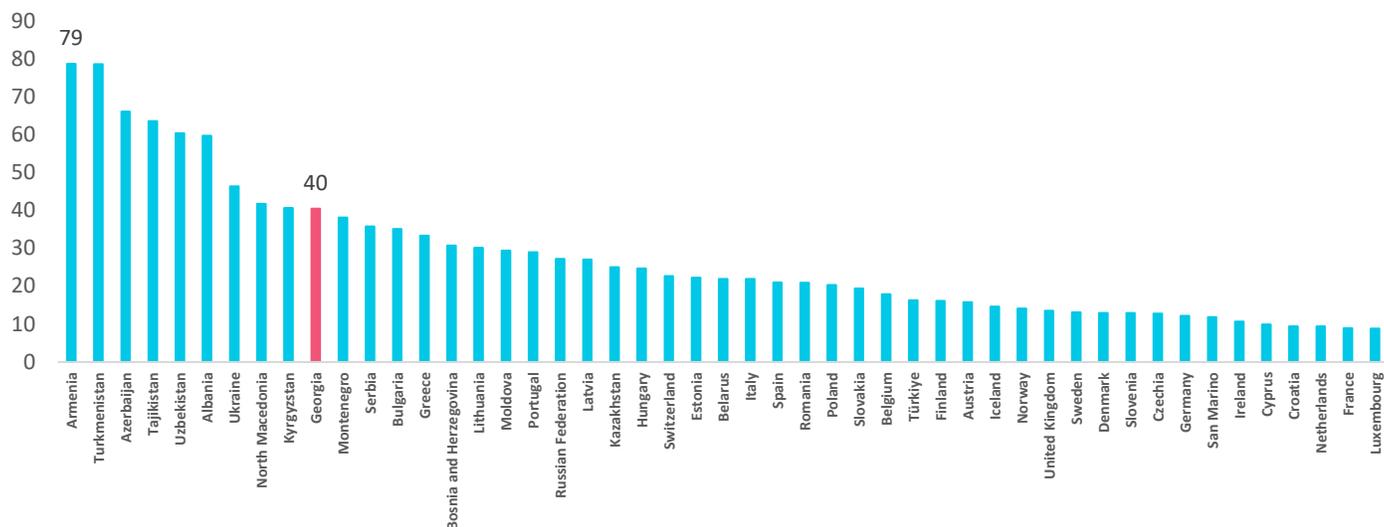
Source: Ministry of Health, Labor, IDPS and Social Affairs of Georgia, Ministry of Finance of Georgia, Geostat, TBC Capital

* Please note that the absolute indicator for out-of-pocket expenditure in 2023 is not available and has been estimated based on its share

** Please note that healthcare expenditures by source reflect spending from the following sources: the government, out-of-pocket payments by the population, and private insurance expenditures. These figures do not include aid from donor organizations and may cover both healthcare service expenditures as well as spending on medications and various types of equipment. Therefore, this indicator is not directly comparable to the data presented in the third chart.

In 2023, out-of-pocket expenditures on healthcare stood at 40% of total healthcare expenditures, putting Georgia 10th by the share of out-of-pocket expenditures among 49 countries of Europe and Central Asia. This figure is significantly higher than the EU average of around 21% and the high-income country average of approximately 14%, highlighting the comparatively greater financial burden placed on individuals in Georgia.

Figure 6. Share of out-of-pocket expenditures in total healthcare expenditures in Europe and Central Asia*



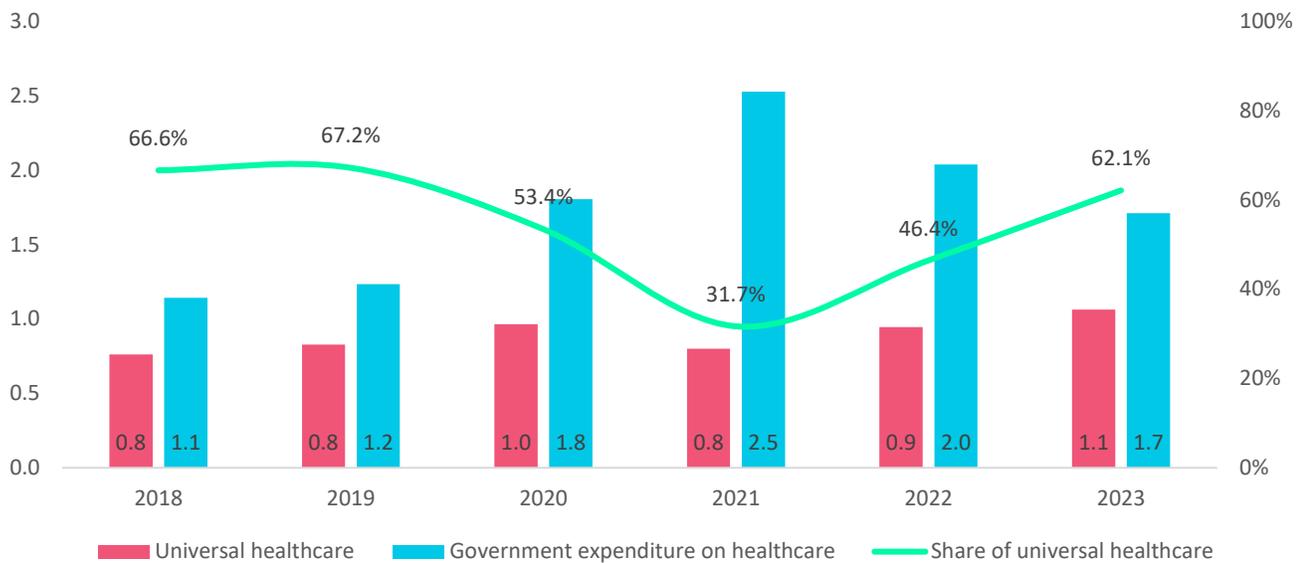
Source: The World Bank Open Data

*Please note that the most recent available data is used (2022-2023)

The Universal Healthcare Program (UHC) remains the core component of public healthcare financing in Georgia, accounting for the largest share of government healthcare expenditure—averaging around 55% over the past seven years. As UHC coverage expanded, funding for the program increased from 760 million GEL in 2018 to over 1 billion GEL in 2023 and 2024. However, during 2020–2021, the share of UHC within total government healthcare spending declined to 53.4% and 31.7%, respectively, as resources were redirected toward COVID-19 response measures. In November 2022, Georgia implemented the Diagnosis Related Groups (DRG) funding model within its UHC program, standardizing hospital reimbursement rates based on specific diagnoses and procedures. The transition to DRGs began in 2023 for certain hospital services, aiming to gradually replace fee for service reimbursement under UHC.

In 2023, despite lower overall public spending, UHC funding reached a record 1.06 billion GEL, pushing its share up to 62.1%. In 2024, UHC funding remained robust at 1.04 billion GEL, accounting for 51% of total healthcare expenditure—still above pre-pandemic levels. Looking ahead, expenditures for the UHC program are expected to increase further by 18% in 2025.

Figure 7. Government expenditure on healthcare, bn GEL



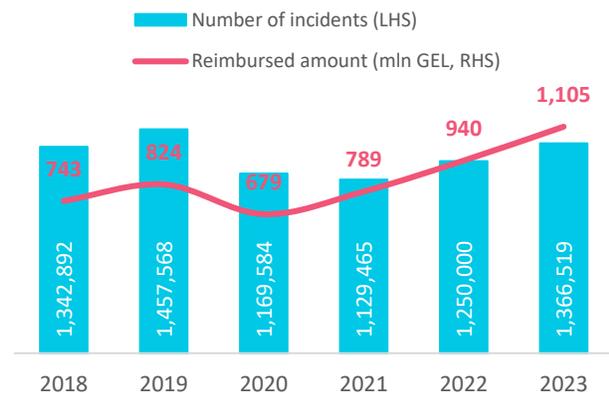
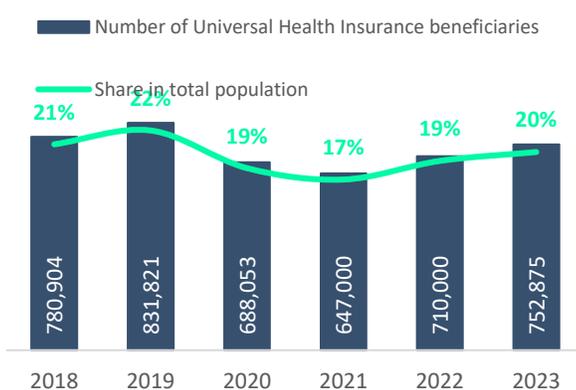
Source: Geostat, Ministry of Finance of Georgia, TBC Capital

In 2023, the number of beneficiaries of the Universal Health Insurance program reached 752.9 thousand, which is a 6% increase compared to 2022. This represents 20% of the total population. However, when compared to 2018-2019, this figure is lower, likely due to the impact of the COVID-19 pandemic, as well as changes in healthcare utilization patterns during and after the pandemic period.

In 2023, the number of cases where the population benefited from the universal healthcare program also increased, including medical procedures, consultations, and treatments in hospitals and clinics. In 2023, the number of incidents of Universal Health Insurance utilization reached 1.4 million, reflecting a 9% increase compared to the same period in 2022. This growth may be attributed to increased awareness about the availability of healthcare services, which has translated into higher demand for these services, as well as the impact of the COVID-19 pandemic. A growing trend is also observed in the amount of funds reimbursed under the Universal Health Insurance program. In 2023, the reimbursed amount reached 1.1 billion, representing an 18% increase compared to the previous year.

Figure 8. Number of universal healthcare beneficiaries¹⁶ and their share in total population of Georgia

Figure 9. Number of incidents in Universal Healthcare program and reimbursed amount



Source: National Health Agency, Geostat, TBC Capital

Source: National Health Agency, TBC Capital

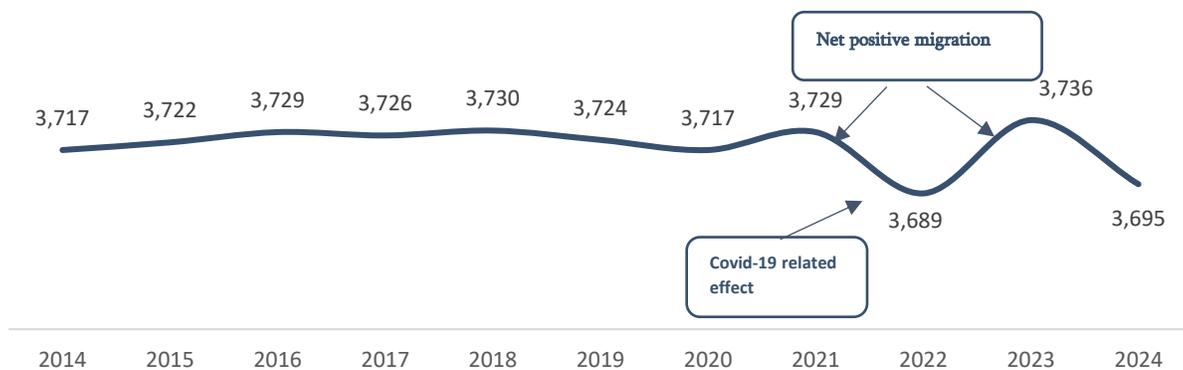
¹⁶ Please note that this number indicates how many people used this programme. As of today, # of people covered in UHC is majority of the population

Alongside the Universal Healthcare Program, the government implements targeted initiatives to enhance the accessibility of healthcare services. In 2023, the largest state healthcare expenditures were allocated to primary and emergency care, referral services, and organ transplantation, with increased funding expected to drive a rise in medical procedures.

- *Demographic Dynamic*

The demand for healthcare services is, among other factors, driven by demographic dynamics of the Country. In 2023, Georgia's population reached 3,736.4 thousand, the highest recorded in the past decade. The main contributing factors to population growth were migration to the country (the influx of migrants to Georgia increased due to the Russia-Ukraine war), changes in social factors, economic conditions, and individual choices.

Figure 10. Population of Georgia on January 1st ('000)



Source: Geostat

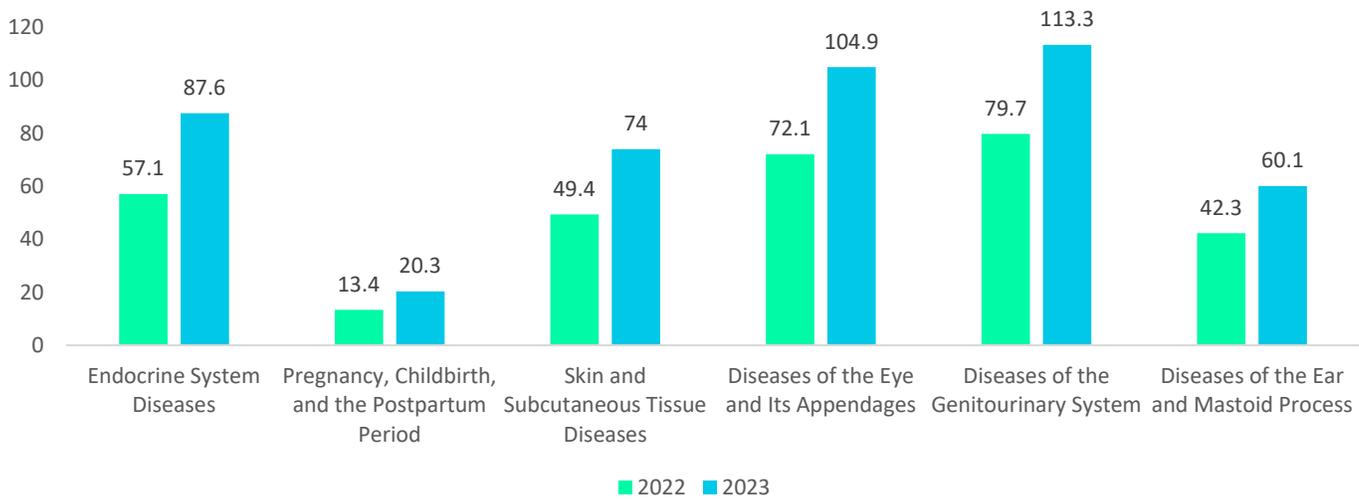
*Please note that the official population data as of January 1st of each year reflects the size of the population from the previous year, rather than an exact real-time count. This means that demographic trends, including migration and natural growth rates from previous years, are embedded in these figures.

Over the years, Georgia has experienced significant population outflows, primarily driven by social and economic factors. Between 2013 and 2022, the migration balance remained negative, except for 2020, when travel disruptions caused by the pandemic temporarily halted migration, and in 2022, when migration inflows increased due to the Russia-Ukraine war. The emigration of the younger population has impacted the country's demographic dynamics, contributing to a decline in the total population and changes in the age structure. The decrease in birth rates and overall population size has had a negative effect on the demand for healthcare services.

- *Diseases and risk factors*

The demand for healthcare services is significantly influenced by diseases and key risk factors. In 2023, the population's morbidity increased by 24% compared to 2022. The highest increase was observed in endocrine system disorders, metabolic and research-related diseases (54%), pregnancy-related conditions (51%), and skin and subcutaneous tissue diseases (50%).

Figure 11. Morbidity with acute and chronic diseases by main disease groups ('000)

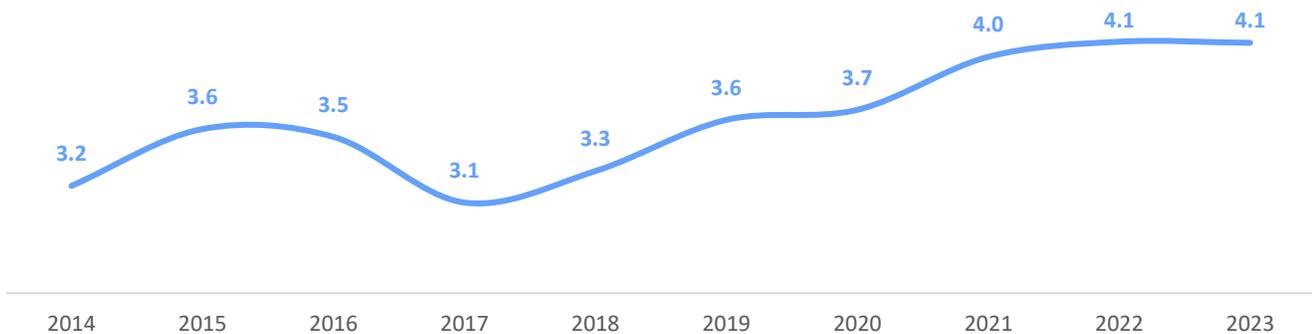


Source: Geostat

- *Increasing number of outpatient and inpatient visits*

There has been an increase in outpatient and inpatient care in recent years. The total per capita outpatient visits for the population amounted to 4.1 in 2023, whereas this indicator was at 3.3 in 2018. The growth in visits is significantly associated with the development of comprehensive healthcare programs and a higher demand for healthcare services.

Figure 12. Number of outpatients visits per capita

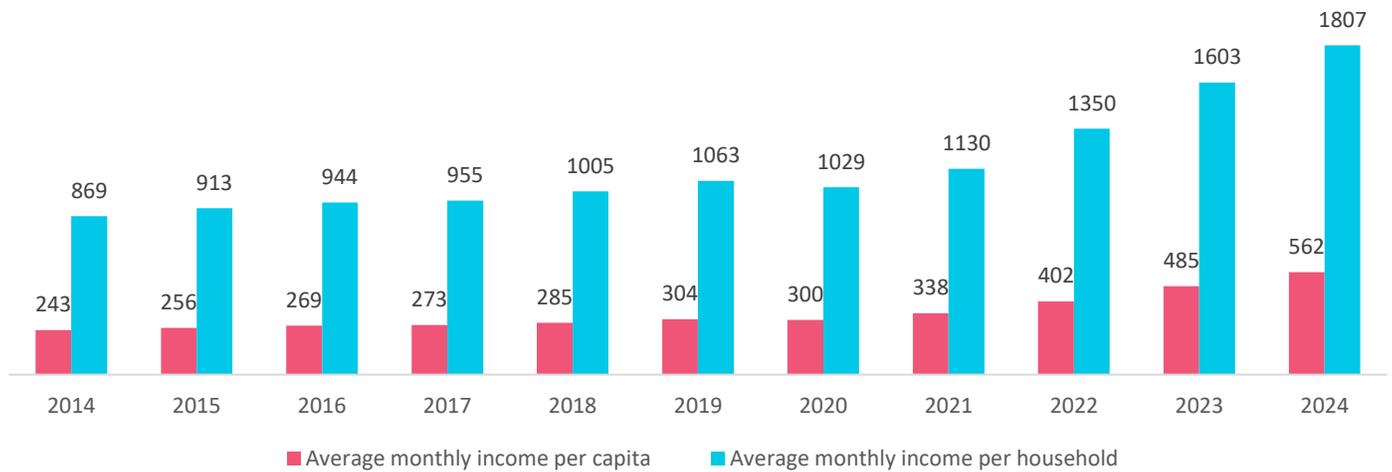


Source: Geostat, TBC Capital

- *Purchasing Power of the Population and Affordability of Healthcare Services*

Income is one of the key determinants of healthcare demand. Individuals with higher incomes generally have greater financial resources to cover healthcare expenses, including insurance premiums, out-of-pocket costs, and medical treatments. In recent years, household incomes have shown an upward trend. In 2024, the average monthly income per capita reached 562 GEL, marking a 16% increase compared to 2023 and nearly double the level in 2018. Meanwhile, the average monthly household income rose by 13% compared to 2023 and was up by 80% compared to 2018, reflecting overall growth in purchasing power.

Figure 13. Average monthly income of population (GEL)

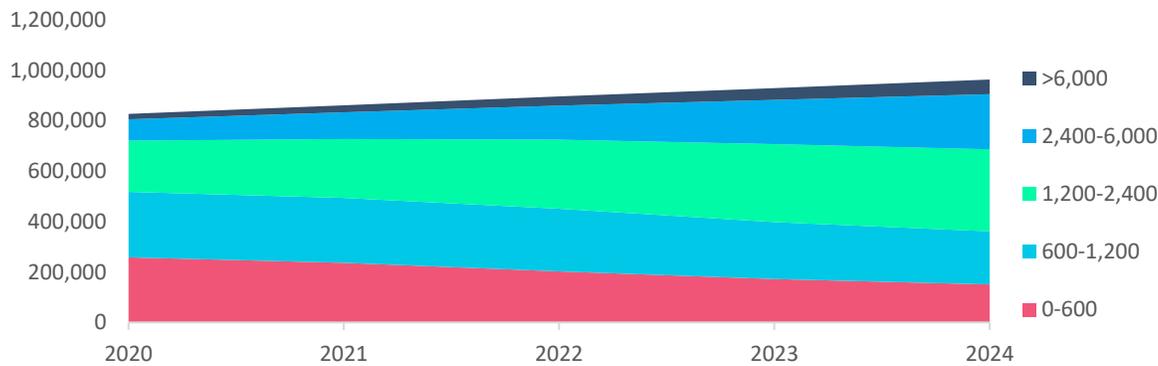


Source: Geostat, TBC Capital

In recent years, the number of individuals receiving salary has steadily increased, reflecting a strengthening labor market and rising economic participation. Between 2020 and 2024, the total number of salary recipients grew from 827 thousand to 963 thousand, marking a 16% increase.

Beyond the increase in the number of earners, there has been a notable shift toward higher salary brackets, signalling a rise in purchasing power. Over the past four years:

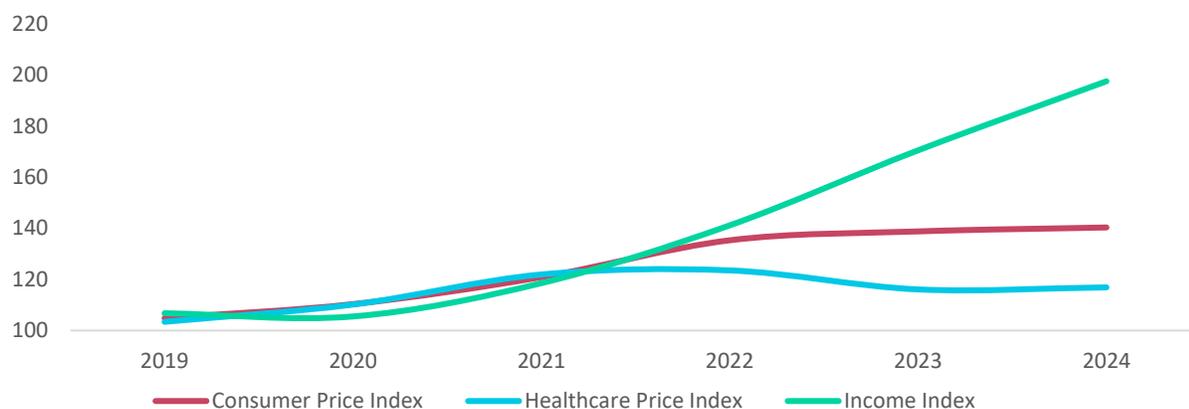
Figure 14. Number of individuals by average monthly salary ranges, including income taxes (GEL)



Source: Revenue service, TBC Capital

In recent years, the prices of healthcare services have risen significantly, reflecting the impact of inflation and increasing healthcare costs, likely driven by the pandemic. After these increases, the Healthcare Price Index declined by 6.5% in 2023 (compared to 2022) and slight 1% increase in 2024 (compared to 2023), suggesting a relative stabilization or correction following the sharp price hikes of previous years. It is important to note that during the 2018-2023, income growth outpaced the rise in healthcare service prices, indicating an overall improvement in affordability.

Figure 15. CPI Index, Healthcare price index, and Income index, 2018 = 100

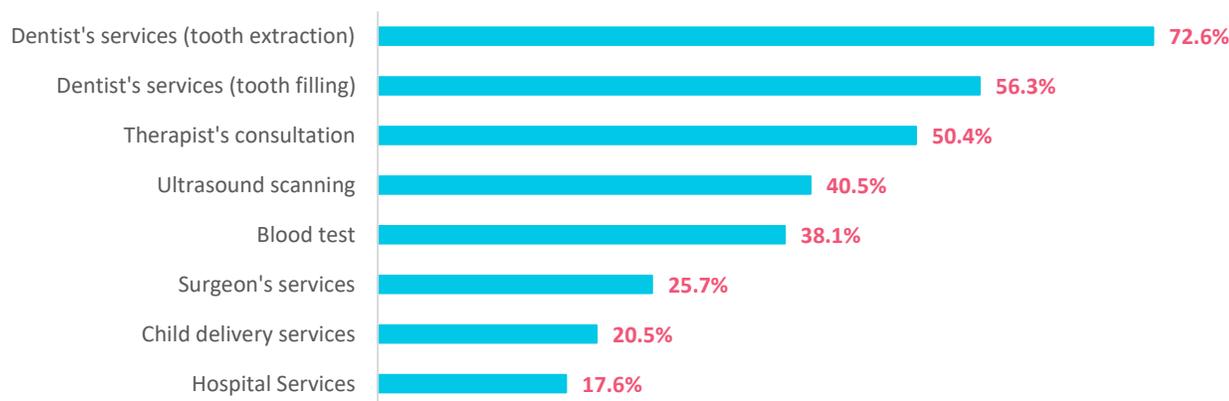


Source: Geostat, TBC Capital

*Please note that data on income index is not available yet

Between 2018 and 2024, the prices of healthcare services in Georgia saw significant increases, with dental services experiencing the highest surge—tooth extraction rose by 72.6%, and tooth filling by 56.3%. General medical services also saw substantial price hikes, including therapist consultations (50.4%) and ultrasound scans (40.5%). While hospital services (17.6%) and childbirth services (20.5%) increased at a relatively lower rate, the overall trend reflects a broad rise in healthcare costs, likely driven by inflation, increased demand, and higher operational expenses.

Figure 16. Change of prices on healthcare services in 2024 compared to 2018



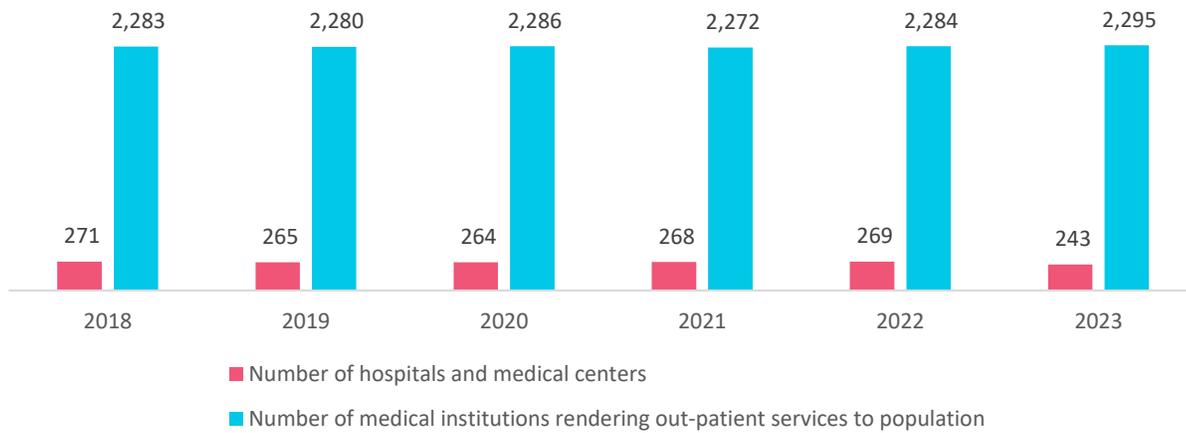
Source: Geostat, TBC Capital

Drivers of Sector Development – Supply Side

- Healthcare service providers

As for the supply side, from 2018 to 2023, the number of healthcare service providers decreased. As expected, highly fragmented market and recent regulations create a room for market consolidation.

Figure 17. Number of hospitals and medical centers and the number of medical institutions rendering outpatient services to population

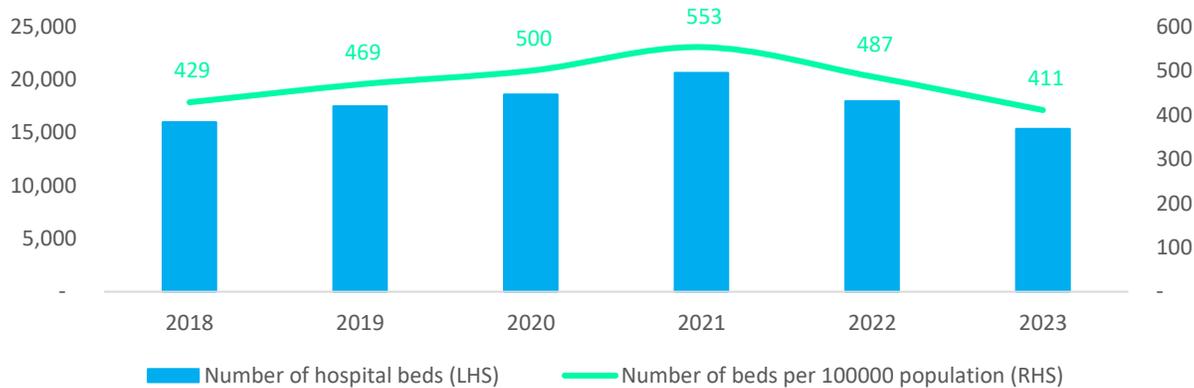


Source: Geostat, TBC Capital

- Resources and their utilization

During 2020–2021, the number of hospital beds in Georgia increased due to the COVID-19 pandemic, which necessitated an expansion of healthcare capacity. However, this surge was followed by a decline in 2022 and 2023 as the pandemic subsided, reducing the demand for additional hospital beds. By 2023, the number of hospital beds were lower compared to pre-pandemic levels, likely due to low occupancy rate and the introduction of new regulations on the required distance between hospital beds.

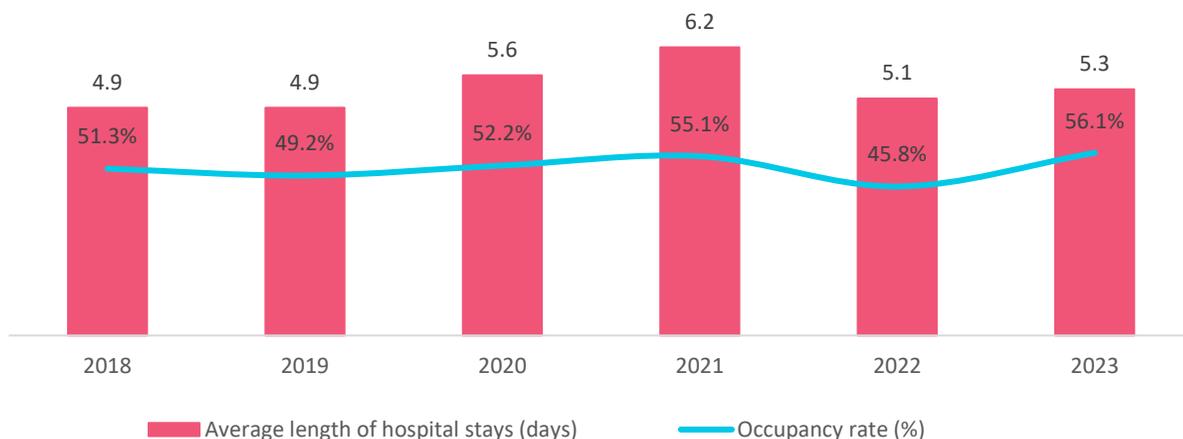
Figure 18. Number of hospital beds



Source: Geostat, TBC Capital

In 2020 and 2021, utilization increased significantly to 5.6 and 6.2 days, respectively. This surge was driven by the COVID-19 pandemic, which led to a higher number of hospitalizations and prolonged stays due to the severity of cases and the need for extended medical care. As the pandemic eased, this indicator declined rate declined to 5.1 days in 2022 and slightly rebounded to 5.3 days in 2023. The decrease in 2022 reflects reduced COVID-related hospital admissions. The slight increase in 2023 may indicate a return to pre-pandemic hospital utilization patterns, influenced by factors such as aging demographics, the prevalence of chronic diseases, or adjustments in healthcare service delivery.

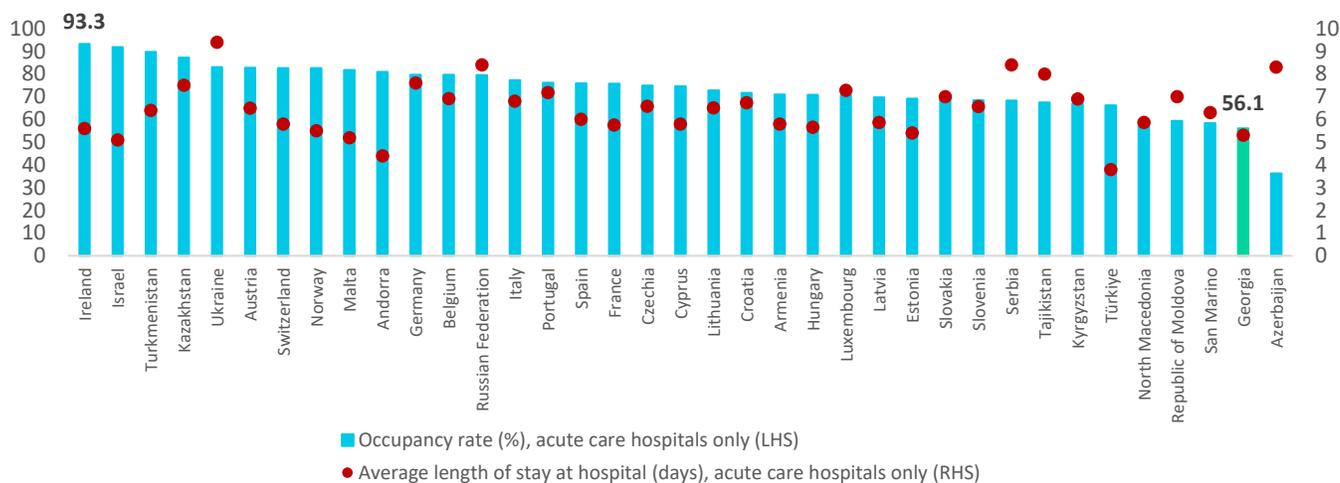
Figure 19. Bed occupancy rate (%) and average length of hospital stays (days)



Source: Geostat, TBC Capital

As of 2023, Georgia’s hospital occupancy rate stands at 56.1%, indicating that just over half of available hospital bed capacity is utilized throughout the year. Georgia’s bed occupancy rate remains low by international standards, surpassing only that of Azerbaijan, which highlights potential inefficiencies in hospital resource utilization and regional disparities in patient flow.

Figure 20. Bed occupancy rate (%) and average length of hospital stay (days) by country, 2022-2023

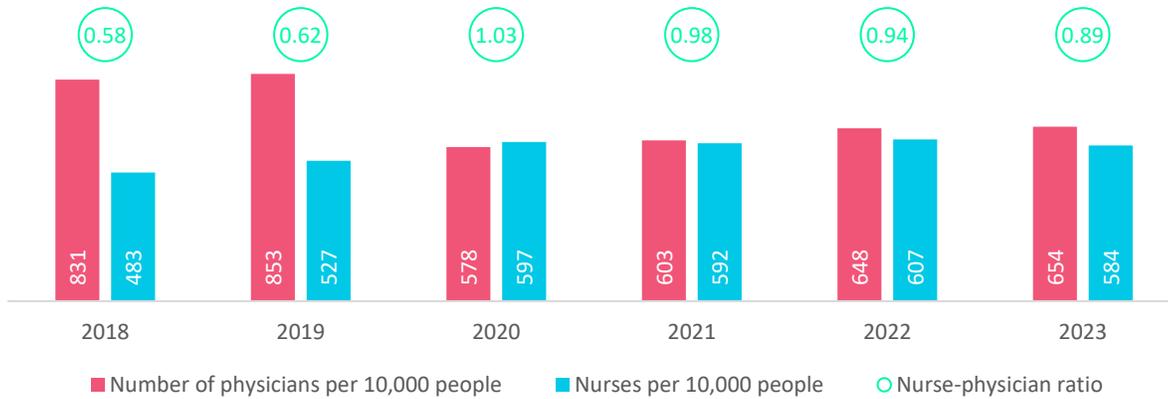


Source: WHO, TBC Capital

*Please note that the most recent available data is used (2022-2023)

Georgia’s healthcare workforce has seen gradual shifts in recent years. In 2023, there were 654 physicians per 100,000 people, representing a 1% increase compared to 2022, while the number of nurses declined by 4%, totalling 584 per 100,000 people. Though a slight decline was observed in the most recent year, the number of nurses per 100,000 people has shown a general upward trend, increasing from 483 in 2018 to 584 in 2023, by 21%. In 2023, the nurse-to-physician ratio stood at just 0.89, meaning there are fewer than one nurse per doctor. This indicator is well below the levels observed in both regional neighbours and EU countries, suggesting potential strain on nursing resources and potential negative effects on patient treatment and monitoring.

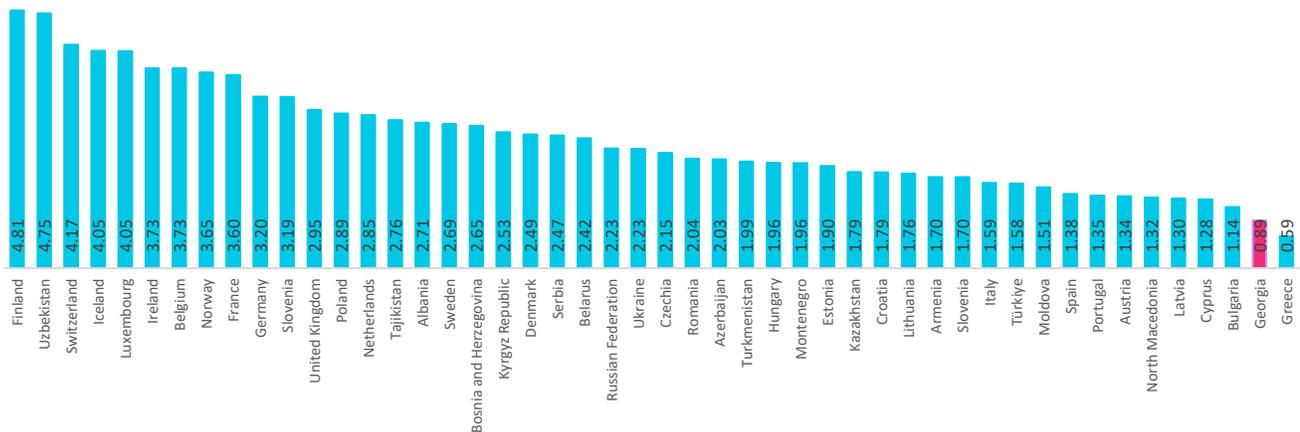
Figure 21. Nurse-physician ratios



Source: Geostat, TBC Capital

Georgia has a lower nurse-to-physician ratio compared to most countries in Europe and Central Asia. According to Georgia's healthcare strategy, the target for this indicator is to reach a ratio of 2 in primary healthcare and 2.5 in the hospital sector by 2030.

Figure 22. Nurse-physician ratios in European and Central Asian countries



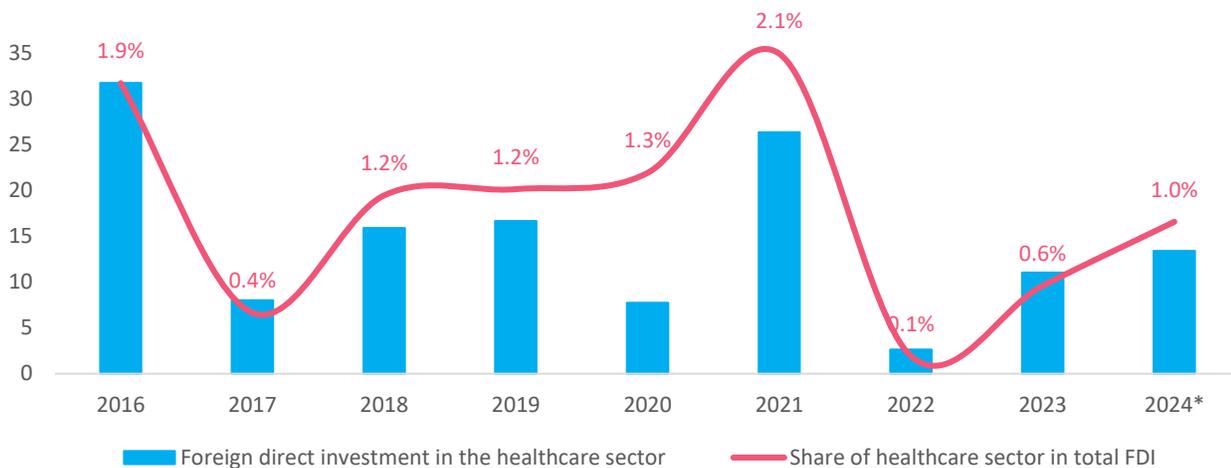
Source: World Bank, TBC Capital

*Please note that the most recent available data is used (2022-2023)

- Growth of Private Investments in Technology and Equipment

Foreign Direct Investment (FDI) in the healthcare sector is generally low, averaging around 1.1% of the total FDI. In 2024, FDI in healthcare was 13 million USD, which was 21% higher than the same indicator in the previous year. The UK is one of the leading investor countries in Georgia's healthcare sector, accounting for an average of 30% of total FDI in the sector between 2016 and 2023.

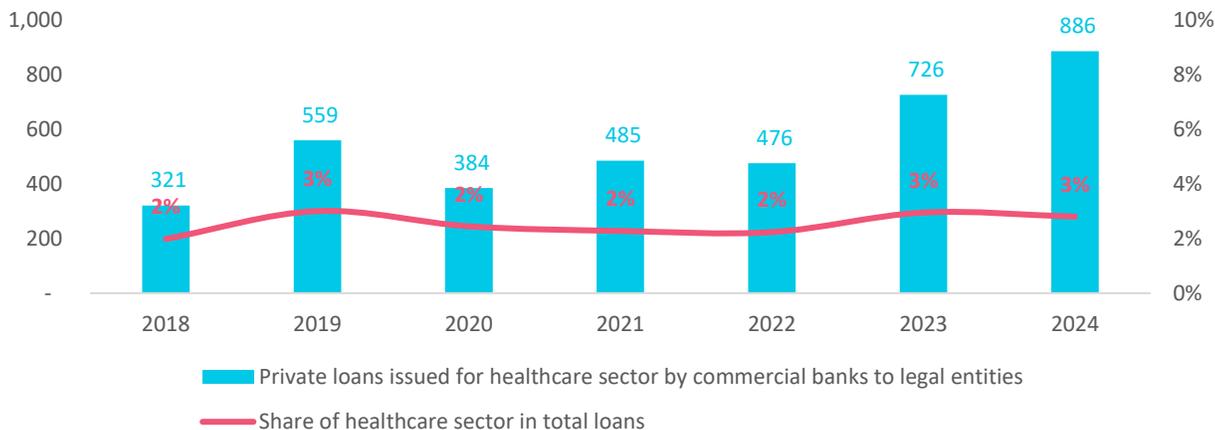
Figure 23. Foreign direct investment in the healthcare sector (million USD)



Source: Geostat, TBC Capital
 *FDI includes social work activities

Between 2018 and 2024, private loans issued by commercial banks to legal entities in the healthcare sector showed significant growth, increasing from 321 million GEL in 2018 to 886 million GEL in 2024—a nearly 2.8-fold increase. The largest annual increase occurred in 2023, when loans surged by 53%, reaching 726 million GEL, followed by continued growth in 2024. Despite this rising loan volume, the healthcare sector's share in total private loans remained relatively stable, fluctuating between 2% and 3% throughout the period. The increasing trend in healthcare loans may indicate a growing demand for healthcare financing, likely driven by sectoral investments, rising operational costs, and infrastructure development.

Figure 24. Private loans issued by commercial banks to legal entities (million GEL)



Source: NBG, TBC Capital

Diagnostics market overview

The laboratory and diagnostic services market in Georgia is also highly fragmented. Along with large market players, such as Synevo Medical Laboratory, Cito Medical Centre and European Limbach Diagnostic Group, there are multiple smaller service providers.

Moreover, almost every polyclinic (outpatient clinic) and referral hospital runs its own lab facility. Despite such an abundance of labs, the Georgian healthcare system, before the opening of MegaLab, suffered from a limited provision or outright shortage of certain laboratory services: there were no dedicated high-quality pathology laboratories in the country, the samples for complex lab tests, such

as oncology and molecular lab genetics, were and some are still sent abroad, and there are only a few providers of morphological or bacteriological tests.

MegaLab, the largest diagnostics laboratory not only in Georgia but in the entire Caucasus region, is the first laboratory offering a full set of clinical and pathology tests, some of which are being introduced in the region for the first time.

Market Position

Market Share* by:	31-Dec-24	31-Dec-23
Number of Beds	14.0%	14.0%
Registered patients (Clinics)	13.0%	13.0%

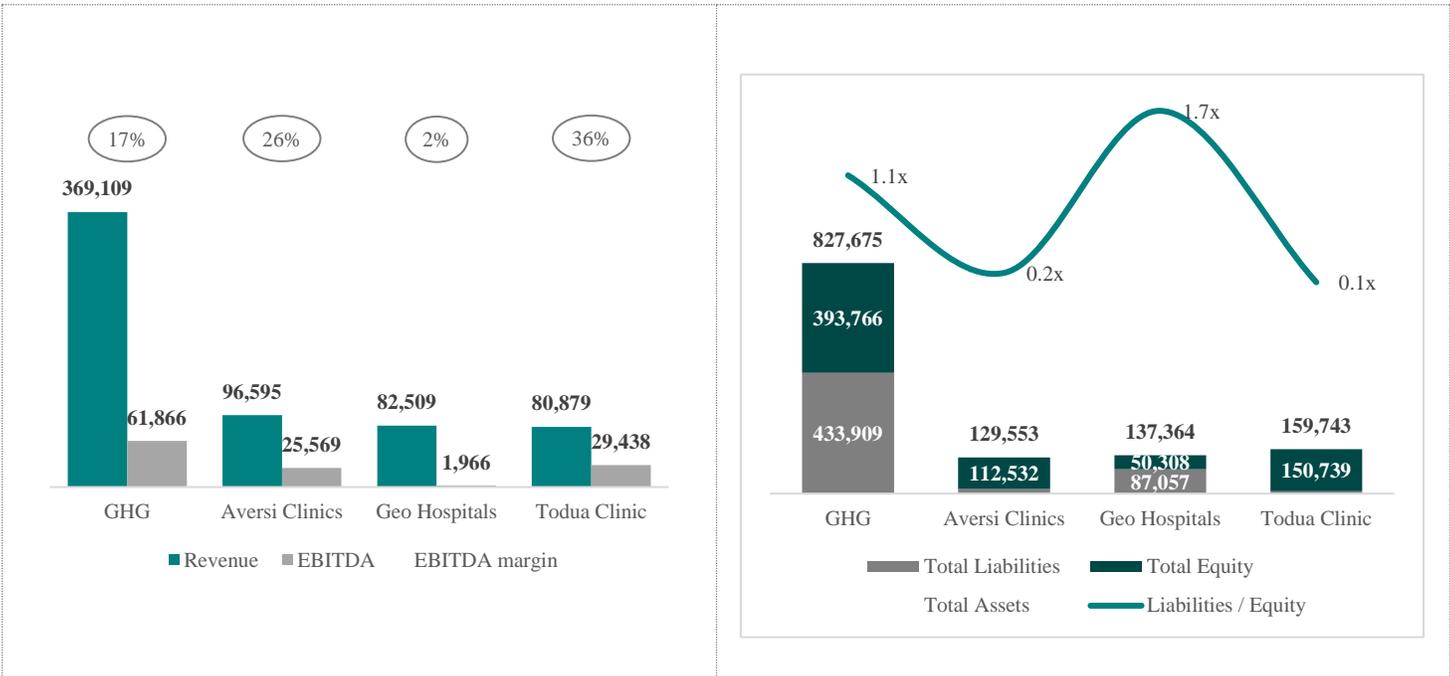
*Market share calculations are based on the Company's internal data

This section also presents a comparison of the key financial information of the Issuer with other market participants. Specifically, the following are three competing companies whose core operations are similar to those of the Issuer:

- **Aversi Clinic LLC** (I/N: 212002580) - Since 2007, Aversi Clinic LLC has been providing medical services to the population of Georgia. The clinic offers patient care supported by modern equipment and highly qualified medical personnel. As of the end of 2023, it operated 12 branches.
- **Geo Hospitals LLC** (I/N: 404907730) - Established in 2011, Geo Hospitals is a network of multi-profile hospitals providing both inpatient and outpatient medical services. As of December 31, 2023 and 2022, it owned 25 medical centers located across five regions of Georgia (Kakheti, Kvemo Kartli, Mtskheta-Mtianeti, Samtskhe-Javakheti, and Imereti). The network includes 15 inpatient and 10 outpatient centers with varying levels of resources.
- **Todua Clinic LLC** (I/N: 201990694) - Todua Clinic LLC was founded in 1991 and is one of the largest medical-diagnostic institutions in Georgia. The clinic aims to improve the quality of medical care in Georgia and help individuals achieve a level of health that allows them to live full and meaningful lives. It is a leader in radiology, oncology, surgery, laboratory medicine, endoscopy, and endosurgery, and is equipped with state-of-the-art diagnostic and treatment equipment. The clinic operates through two branches.

Comparison of relevant financial metrics with other key market players is presented below:

Profitability metrics, 2023, ('000 GEL)	Financial Position, 2023 ('000 GEL)
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*The figures presented in the chart are taken from the companies' consolidated audited financial statements for 2023, except for Aversi Clinic, for which the individual audited financial statement was used.

GHG, through its holding structure, demonstrates the largest operational scale among its industry peers. The Group's EBITDA margin remains in line with the prevailing industry average, reflecting stable financial performance within the sector.

Financial Review

Operational and Financial Review

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The auditor's opinion on the audited annual carve-out financial statements for 2024 and the comparative audited annual carve-out financial statements for 2023 was **unmodified**.

In December 2024, following parent company's strategic decision, Hospitals and Clinics segment demerged from the GHG group and now operates as a separate business under GCAP's umbrella. At this stage, GHG encompasses four operational segments: 1) Large and Specialty Hospitals; 2) Regional and Community Hospitals; 3) Polyclinics; 4) Diagnostics.

These consolidated carve-out financial statements have been prepared from the consolidated financial statements of Georgia Healthcare Group JSC and its subsidiaries (GHG Group) as if GHG Group reorganization has been effective as at 1 January 2023, and assuming that GHG JSC's date of transition to IFRS is the initial date of transition to IFRS of GHG Group.

Unless otherwise specified, the figures and references presented in the subsection "Financial Review" are based on the consolidated carve-out financial statements of JSC Georgia Healthcare Group.

Financial Position

The distribution of the Company's **assets, liabilities, and equity** is presented below:

<i>Consolidated Statement of Financial Position, GEL '000</i>	<i>31-Dec-24</i>	<i>31-Dec-23</i>	<i>1-Jan-23</i>
Assets			
Non-current assets			
Property and equipment and right-of-use assets	539,524	515,236	518,868
Goodwill and other intangible assets	92,764	83,084	79,482
Receivables from healthcare services	9,741	8,933	6,225
Prepayments	5,106	3,464	7,257
Other assets	14,778	16,171	16,464
Total non-current assets	661,913	626,888	628,296
Current assets			
Inventory	30,852	29,251	24,688
Prepayments	6,471	5,946	2,596
Other assets	11,426	15,585	5,426
Receivables from healthcare services	80,150	85,174	87,827
Other receivables	-	30,560	-
Cash and cash equivalents	38,784	34,271	35,333
Total current assets	167,683	200,787	155,870
Total assets	829,596	827,675	784,166
Equity and liabilities			
Equity			
Share capital	105,280	-	-
Additional paid-in capital	7,971	3,526	-
Merger reserve	-	135,000	135,000
Retained earnings	233,735	221,637	257,710

Equity attributable to owners of the parent company	346,986	360,163	392,710
Non-controlling interests	33,170	33,603	33,346
Total equity	380,156	393,766	426,056
Liabilities			
Non-current liabilities			
Lease liabilities	26,077	20,975	13,869
Borrowings	141,707	62,442	166,678
Debt securities issued	-	-	40,434
Total non-current liabilities	167,784	83,417	220,981
Current liabilities			
Accruals for employee compensation	39,575	41,909	38,423
Accounts payable	25,750	29,086	26,205
Lease liabilities	6,086	5,106	3,753
Borrowings	200,540	220,091	54,734
Debt securities issued	-	47,504	7,144
Other liabilities	9,705	6,796	6,870
Total current liabilities	281,656	350,492	137,129
Total liabilities	449,440	433,909	358,110
Total equity and liabilities	829,596	827,675	784,166

Property and Equipment

The Group's property and equipment mainly consist of hospitals and clinics, medical equipment, furniture, and fixtures.

As of 31 December 2024, the Group's property and equipment amounted to GEL 508,213 thousand, representing 61% of total assets, which reflects a 3.7% increase compared to the same period of the previous year. In 2023, this item decreased by 2.1% and accounted for 59% of total assets. The decrease was driven by two main factors:

1) In 2023, the Group sold one of its hospitals located in Batumi, resulting in the write-off of the related property and equipment. 2) Additionally, in 2023, the building of one of the outpatient facilities was sold, leading to its removal from property and equipment.

A breakdown of property and equipment by type, along with additions and disposals for 2023 and 2024, is presented in the following table:

	<i>Hospitals and clinics</i>	<i>Furniture and fixtures</i>	<i>Computers</i>	<i>Medical equipment</i>	<i>Leasehold improvements</i>	<i>Motor vehicles</i>	<i>Total</i>
Cost							
1 January 2023	371,955	33,002	21,110	196,293	19,342	7,234	648,936
Additions	15,821	2,885	2,199	36,533	10,137	145	67,720
Disposal of business unit	(21,652)	(687)	(433)	(11,243)	(92)	-	(34,107)
Disposals	(16,486)	(880)	(46)	(902)	(63)	(395)	(18,772)
31 December 2023	349,638	34,320	22,830	220,681	29,324	6,984	663,777
Additions	12,201	6,953	1,634	24,202	6,987	606	52,583
Disposals	-	-	-	(259)	-	-	(259)
31 December 2024	361,839	41,273	24,464	244,624	36,311	7,590	716,101
Accumulated depreciation							
1 January 2023	20,079	16,130	13,335	88,128	6,076	4,432	148,180

Depreciation charge	4,565	3,227	1,954	23,020	1,271	703	34,740
Disposal of business unit	(1,034)	(486)	(392)	(6,272)	–	–	(8,184)
Disposals	(786)	(273)	–	–	(63)	–	(1,122)
31 December 2023	22,824	18,598	14,897	104,876	7,284	5,135	173,614
Depreciation charge	4,979	2,416	1,552	23,730	1,032	640	34,349
Disposals	–	–	–	(75)	–	–	(75)
31 December 2024	27,803	21,014	16,449	128,531	8,316	5,775	207,888
Net book value:							
1-Jan-23	351,876	16,872	7,775	108,165	13,266	2,802	500,756
31 December 2023	326,814	15,722	7,933	115,805	22,040	1,849	490,163
31 December 2024	334,036	20,259	8,015	116,093	27,995	1,815	508,213

The Group uses property and equipment as collateral for borrowed funds. As of December 31, 2024, the carrying amount of the pledged property and equipment was GEL 408,596 thousand, which represents 80.4% of the total value of this item on the balance sheet.

Right of use assets

The Group leases several clinics. The lease agreements are mostly denominated in USD.

The carrying amounts of right-of-use assets by operating segment are presented in the following table:

	31-Dec-24	31-Dec-23	1-Jan-23
Polyclinics business	26,301	19,636	12,593
Large and specialty hospitals business	3,775	4,053	5,519
Regional and community hospitals business	1,235	1,384	-
Total right of use assets	31,311	25,073	18,112

As of 2024, right-of-use assets amounted to GEL 31,311 thousand, representing a 24.9% increase compared to the same period of the previous year. This growth was primarily driven by the Group's leasing of a new ambulatory polyclinic.

In 2023, right-of-use assets increased significantly by 38.4% year-on-year, reaching GEL 25,073 thousand. The main driver of this growth was the expansion of leased space within the polyclinic segment; specifically, the Group leased a neurodevelopment center and an additional polyclinic.

Goodwill and other intangible assets

The Group's goodwill and other intangible assets mainly consist of computer software and licenses, as well as the goodwill arising from the acquisition of various healthcare facilities.

As of 31 December 2024, the value of goodwill and other intangible assets increased by 11.7% compared to the same period of the previous year, primarily driven by the acquisition of intangible assets related to Vabaco and Ekimo, as well as the capitalization of costs associated with JCI accreditation.

A breakdown of Goodwill and other intangibles by type, along with additions and disposals by period, is presented in the following table:

'000 GEL	Goodwill	Other intangible assets	Total Goodwill and other intangible assets
Cost			
1-Jan-23	20,711	70,159	90,870
Additions	442	6,887	7,329
31 December 2023	21,153	77,046	98,199

Additions	–	15,520	15,520
31 December 2024	21,153	92,566	113,719
Accumulated amortization			
1-Jan-23	–	11,388	11,388
Amortization charge	–	3,727	3,727
31 December 2023	-	15,115	15,115
Amortization charge	–	5,840	5,840
31 December 2024	-	20,955	20,955
Net book value:			
1 January 2023	20,711	58,771	79,482
31 December 2023	21,153	61,931	83,084
31 December 2024	21,153	71,611	92,764

Receivables from Healthcare Services:

The breakdown of receivables from healthcare services by sources of revenue is presented in the table below:

'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Receivables from State	90,091	93,877	77,634
Receivables from individuals and other	49,417	39,894	37,162
Receivables from insurance companies	4,407	7,989	14,446
Total receivables from healthcare services, gross	143,915	141,760	129,242
Less – Allowance for impairment of healthcare receivables	(54,024)	(47,653)	(35,190)
Total receivables from healthcare services, net	89,891	94,107	94,052
Long-term	9,741	8,933	6,225
Short-term	80,150	85,174	87,827

Trade receivables related to healthcare services are mainly comprised of receivables from the state. The group provides services funded by the Universal Healthcare Program to patients, which is later reimbursed by the state. A similar scheme applies to services funded through private insurance — the group provides the service, and later receives reimbursement from the insurance company.

Receivables from individuals include all other types of receivables not classified under receivables from the state or insurance companies. This line encompasses B2B trade receivables, receivables related to clinical trials from pharmaceutical companies, as well as amounts due from individuals, which are directly written off and reflected in the allowance for impairment.

In 2023, trade receivables from the state increased by 20.9% compared to the same period of the previous year. The main reason for this growth was the recent introduction of the DRG system, which temporarily decentralized the administration of state transfers. Unlike previous years—when invoices issued by regional facilities were processed by their respective regional administrations—this transition resulted in delays, and a portion of the invoices could not be processed and transferred on time.

In 2024, the state settled part of these delayed receivables, leading to an 4% decrease in this balance line compared to the same period of the previous year.

In 2024, trade receivables from insurance companies decreased by 44.8% compared to the corresponding period of the previous year, amounting to GEL 4,407 thousand. As of the end of 2023, this balance had already decreased by 44.7%. Following the COVID-19 period, many insurance companies faced liquidity challenges, which led to increased trade receivables from them. Starting from 2023, their financial positions improved significantly, enabling these companies to settle their trade liabilities towards the issuer, resulting in a substantial reduction in this balance over the past two years.

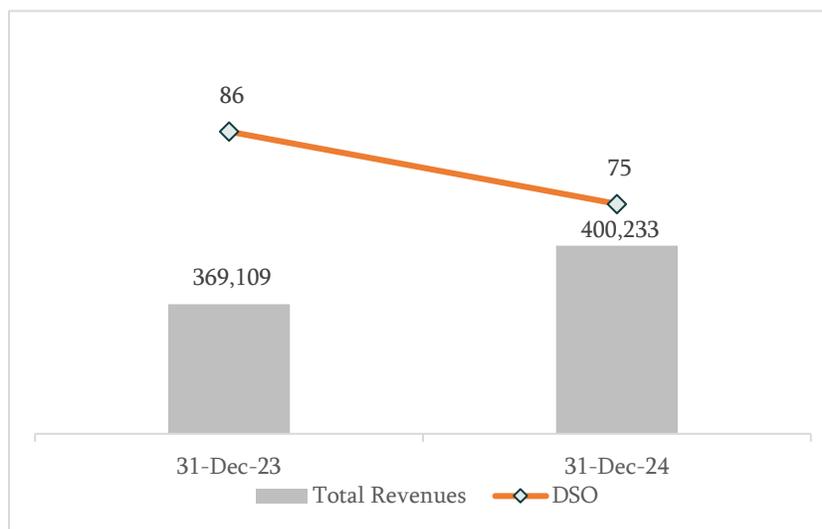
Receivables from individuals and other trade receivables increased by 23.9% in 2024, primarily driven by, on one hand, the increase in trade receivables from individuals, and on the other hand, the significant growth in demand for clinical trials over recent years, which led to higher revenues and trade receivables in this segment. In 2023, this balance had increased by 7.4%, driven by similar factors.

The allowance for impairment of trade receivables related to healthcare services primarily arises from amounts due from the state and from individuals. Following the provision of services under the Universal Healthcare Program, the Group submits reimbursement claims to the state. These claims are often subject to adjustments or reductions by the state, leading to partial impairment of the related trade receivables. In the case of receivables from individuals, impairment reflects amounts that remain unpaid at the time of service delivery, which are directly written off and included in the allowance for impairment.

In 2023, the Group impaired a significant portion of trade receivables due from the state. These receivables were related to ongoing disputes concerning older claims, where the Group was seeking reimbursement. However, due to the low probability of recovery, the Group decided to write off these amounts, which was the main reason of substantial 35.4% increase in the allowance balance for this item.

In 2024, the allowance for impairment of trade receivables increased by 13.4% compared to 2023, primarily driven by receivables from individuals and other trade receivables.

Figure 25: Company Revenues and DSO by Period ('000 GEL)



In 2024, the Group's net trade receivables declined by 4.5%, primarily driven by a reduction in trade receivables from the state and an increase in the allowance for impairment of trade receivables. Combined with an 8.4% year-on-year growth in revenue, this resulted in a notable 11.9% decrease in DSO.

Prepayments

Prepayments primarily consist of advances paid for property, plant, and equipment, and inventories. In 2024, this balance increased by 23.0% compared to the corresponding period of the previous year, primarily driven by higher prepayments for property, plant, and equipment and other advances, partially offset by a decrease in advances paid for inventories. In 2023, prepayments decreased by 4.5%, driven by reduced advances for property, plant, and equipment.

The breakdown of prepayments by period is presented in the following table:

'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Advances paid for property, plant, and equipment	5,106	3,464	7,257
Advances paid for inventories	4,170	4,716	1,782
Other prepayments	2,301	1,230	814
Total prepayments	11,577	9,410	9,853
Long-term	5,106	3,464	7,257
Short-term	6,471	5,946	2,596
Other assets			

The breakdown of the Group's other assets by reporting periods is presented in the following table:

'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Equity investments held at FVPL	7,945	7,857	7,274
Receivables from sale of inventory and equipment	5,099	8,418	2,838
Prepaid operating taxes	2,961	301	340
Receivables from operating leases	2,997	3,521	2,519
Receivables from residency program	1,238	1,271	642
Investment property	1,152	1,152	1,112
Investments in associates	973	873	874
Loan issued	736	1,242	1,470
Other assets	6,529	10,601	7,464
Total Other Assets	29,630	35,236	24,533
Less – Allowance for impairment	(3,426)	(3,480)	(2,643)
Total other assets, net	26,204	31,756	21,890
Long-term	14,778	16,171	16,464
Short-term	11,426	15,585	5,426
Financial assets	21,118	29,430	19,564
Non-financial assets	5,086	2,326	2,326

Equity investments held at fair value represent shares of the parent company acquired by the Group to satisfy obligations under share-based compensation schemes. These shares are measured at fair value, based on quoted market prices from the London Stock Exchange closest to the reporting date.

The Group's loans are issued entirely to third parties. The majority of these loans relate to students participating in the residency program, who are obligated to repay the Group in exchange for their participation. Although these agreements do not have fixed repayment schedules and bear no interest, outstanding amounts are still recognized as loans in the financial statements. Loans issued also include amounts provided to other medical institutions.

Other assets include receivables related to software services, residency receivables, petty cash advances, receivables from various legal entities, among others. In 2023, other assets increased by 42.0%, amounting to GEL 10,601 thousand, primarily driven by an increase in software-related receivables, which were settled in 2024. The subsequent decrease in 2024 is partly due to the settlement of these receivables, as well as the repayment of receivables from JSC Georgia Pharmacy Group.

Inventories

The Group's inventories primarily comprise pharmaceuticals and non-pharmaceutical consumables.

In 2024, inventories accounted for 3.7% of the Group's total assets, representing a 5.5% increase compared to the corresponding period of the previous year. As of 31 December 2023, inventories represented 3.5% of total assets and had increased by 18.5% year-on-year. This increase was primarily driven by additional pharmaceutical purchases, as inventory levels at the beginning of 2023 were insufficient to meet increased demand.

The breakdown of the Group's inventories by period is presented in the following table:

'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Pharmaceuticals	25,943	24,518	20,817
Non-medical supplies	4,909	4,733	3,871
Total inventories	30,852	29,251	24,688

Other receivables

In December 2023, the Group sold one of its hospitals located in Batumi ("Batumi Hospital") for GEL 30,560 thousand. The main categories of assets related to the disposed hospital are presented in the following table:

'000 GEL	31-Dec-23
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Property, plant, and equipment	25,923
Inventories	131
Net assets disposed	26,054

The difference between the selling price and the net carrying amount of the disposed asset, GEL 4,506 thousand, was recognized as a gain from the disposal of the business unit.

Since the buyer had not settled the amount owed for the sold asset by the end of 2023, a receivable of GEL 30,560 thousand was recognized as of the reporting period ended 31 December 2023. This receivable was completely settled in 2024. Interest income is earned on cash balances held in current and demand deposit accounts at banks.

Cash and cash equivalents

Cash and cash equivalents	38,784	34,271	35,333
'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Cash on hand	285	276	209
Current and on-demand accounts with banks	38,499	33,995	35,124
Total cash and cash equivalents	38,784	34,271	35,333

As of December 31, 2024, the group's cash and cash equivalents amounted to GEL 38,784 thousand, representing a 13.2% increase compared to the same period of the previous year (December 31, 2023: GEL 34,271 thousand).

Lease liabilities

The breakdown of Lease Liabilities by hospitals and polyclinics are presented in the following table:

'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Polyclinics business	27,206	20,489	12,195
Large and specialty hospitals business	3,736	4,198	5,427
Regional and general hospitals business	1,221	1,394	-
Total Lease liabilities	32,163	26,081	17,622
Long-term	26,077	20,975	13,869
Short-term	6,086	5,106	3,753

As of 31 December 2024, lease liabilities amounted to GEL 32,163 thousand, representing a 23.3% increase compared to the corresponding period of the previous year. The growth was primarily driven by the leasing of additional clinics in the polyclinic business segment. As of 31 December 2023, this item stood at GEL 26,081 thousand, reflecting a 48% increase compared to the beginning of 2023. This increase was also mainly due to the expansion of leased space within the polyclinic segment.

The changes in the Group's right-of-use assets and lease liabilities over the years are presented in the following table:

'000 GEL	Right-of-use assets	Lease liabilities
1 January 2023	18,112	17,622
Additions	10,894	10,894
Depreciation expense	(3,933)	-
Interest expense	-	1,598
Net foreign exchange gain	-	94
Payments	-	(4,127)
31 December 2023	25,073	26,081
Additions	10,223	10,223

Depreciation expense	(3,985)	-
Interest expense	-	913
Net foreign exchange gain	-	1,307
Payments	-	(6,361)
As of 31 December 2024	31,311	32,163

Borrowings and debt securities issued

As of December 31, 2024, the Group's total borrowed funds amounted to GEL 342,247 thousand, representing a 3.7% increase compared to the same period of the previous year. This increase was driven by a 38.1% growth in funds borrowed from local banks, which was partially offset by a decrease in funds attracted from foreign financial institutions and through issued debt securities.

As of December 31, 2023, borrowings and debt securities issued amounted to GEL 330,027 thousand, reflecting a 22.7% increase compared to the same period of the previous year. The growth was mainly due to the increase in funds attracted from local financial institutions. The main driver of the increase was the fact that, due to new regulations introduced in the sector and the post-COVID environment, the group's operating cash flows were insufficient to finance capital expenditures and debt servicing. As a result, the group took on additional loan obligations from local commercial banks.

The breakdown of borrowings and debt securities issued is presented in the following table:

'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Short-term borrowings and debt securities issued			
Borrowings from local financial institutions	163,890	164,983	22,707
Borrowings from foreign financial institutions	23,191	39,213	20,259
Borrowings from related parties	13,459	15,895	11,768
Debt securities issued	-	47,504	7,144
Total short-term borrowings	200,540	267,595	61,878
Long-term borrowings and debt securities issued			
Borrowings from local financial institutions	136,134	52,267	110,056
Borrowings from foreign financial institutions	-	-	35,041
Borrowings from related parties	5,573	10,175	21,581
Debt securities issued	-	-	40,434
Total long-term borrowings	141,707	62,442	207,112
Total borrowings	342,247	330,037	268,990

The changes in borrowings and debt securities issued by period are presented in the following table:

	Borrowings	Debt securities issued	Total
1 January 2023	221,412	47,578	268,990
Proceeds from borrowings	229,940	-	229,940
Repayment of borrowings	(170,984)	-	(170,984)
Interest expense	29,998	7,210	37,208
Interest paid	(26,940)	(7,284)	(34,224)
Foreign exchange loss	(893)	-	(893)
31 December 2023	282,533	47,504	330,037
Proceeds from borrowings	339,448	-	339,448
Repayment of borrowings	(278,212)	(47,000)	(325,212)
Interest expense	32,995	3,172	36,167
Interest paid	(34,609)	(3,676)	(38,285)
Foreign exchange gain	92	-	92
31 December 2024	342,247	-	342,247

For more information on borrowed funds and debt securities issued, please refer to the "Capitalization and Indebtedness" section.

Accruals for employee compensation

Accruals for employee compensation mainly include:

- Remuneration earned by the Group's employees (primarily doctors) that had not been paid by year-end, as the Group typically pays a large portion of variable salaries (such as payments based on performed procedures) with a delay of several months;
- Annual bonuses that remain unpaid and are recorded as a liability at year-end.

As of 31 December 2024, accruals for employee compensation amounted to GEL 39,575 thousand, reflecting a 5.6% decrease compared to the same period of the previous year. As of 31 December 2023, this item stood at GEL 41,909 thousand, representing a 9.1% increase compared to the beginning balance of 2023. This increase was driven, on one hand, by accruals related to reorganization compensation, and on the other hand, by a general increase in salary expenses.

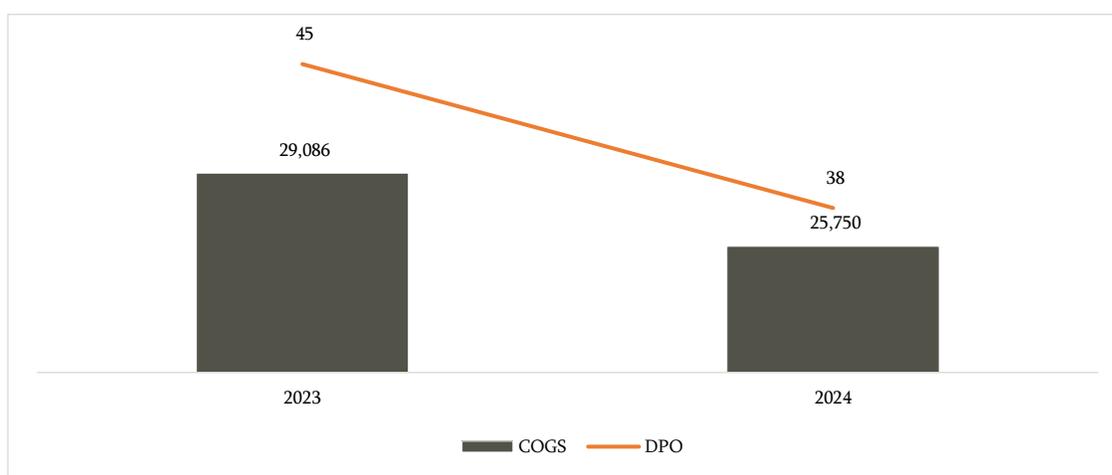
Accounts payable

Accounts payable mainly consist of obligations related to the purchase of medical supplies, office inventory, and other materials. The breakdown of accounts payable by reporting periods is presented in the following table:

'000 GEL	31-Dec-24	31-Dec-23	1-Jan-23
Accounts payable for medical materials	9,184	14,673	12,020
Accounts payable for office supplies	7,600	6,446	6,150
Accounts payable for long-term assets	6,826	6,540	2,031
Accounts payable for healthcare services	1,960	1,331	4,540
Other payables	180	96	1,464
Total accounts payable	25,750	29,086	26,205

As of 31 December 2024, the Group's accounts payable amounted to GEL 25,750 thousand, representing an 11.5% decrease compared to the same period of the previous year. The decline was mainly driven by a reduction in accounts payable related to medical materials, office supplies, and long-term assets. As of 31 December 2023, this item stood at GEL 29,086 thousand, reflecting an 11.0% increase compared to the beginning balance of 2023. This increase was mainly driven by higher liabilities related to purchases of healthcare materials and long-term assets.

Figure 26: Company COGS and DPO by Period ('000 GEL)



In 2024, Days Payables Outstanding (DPO) decreased by 15.9% year-on-year, reaching 38 days. This decline was primarily driven by a reduction in accounts payable related to medical materials, office supplies, and long-term assets, as well as an increase in the cost of goods sold (COGS), following revenue growth.

Other liabilities

Other liabilities primarily include obligations arising from taxes, penalties, and derivative financial instruments. As of 31 December 2024, this balance amounted to GEL 9,705 thousand, representing a 42.8% increase compared to the same period of the previous year (31/12/2023: GEL 6,796 thousand). The growth was primarily driven by the Group declaring dividends payable to the minority shareholder of one of its hospitals in 2024, with payment occurring in May 2025.

Equity

The breakdown of equity is presented in the following table:

'000 GEL	31-Dec-2024	31-Dec-2023	1-Jan-2023
Share capital	105,280	-	-
Additional paid-in capital	7,971	3,526	-
Demerger reserve	-	135,000	135,000
Retained earnings	233,735	221,637	257,710
Total equity attributable to shareholders of the Company	346,986	360,163	392,710
Non-controlling interests	33,170	33,603	33,346
Total equity	380,156	393,766	426,056

As of 31 December 2024, the number of outstanding shares (combined class of A and B shares) of JSC Georgia Healthcare Group was 105,943,729, each with a nominal value of GEL 1 per share.

As of 31 December 2023 and 1 January 2023, the present JSC Georgia Healthcare Group (“GHG”) had not yet been established, and accordingly, the amount in question was presented as a merger reserve rather than share capital. The new Georgia Healthcare Group was officially registered on 17 December 2024, and the former group was renamed JSC Georgia Pharmacy Group, which now encompasses only the pharmacy business. Consequently, in 2024, the merger reserve was reclassified as share capital. The GEL 29,720 thousand represents the difference between the amount of the merger reserve at the time of the new GHG’s incorporation and the nominal value of its issued and paid-in share capital of GEL 105,280, which was recognized in retained earnings. This reclassification is the reason for the increase in retained earnings, notwithstanding that the Group recorded a loss during the current year.

In addition to the accumulated losses, in 2024, retained earnings decreased by a further GEL 1,990, reflecting the effects of transfers and allocations of assets and liabilities (primarily cash and cash equivalents) related to the business reorganization. Specifically, in preparing the Group’s consolidated carved-out financial statements, the following adjustments and allocations were made to the consolidated assets, liabilities, revenues, expenses, and cash flows of the former Georgia Healthcare Group:

- Balances of cash and borrowings attributable to the former Georgia Healthcare Group (excluding those attributable directly to individual subsidiaries) were allocated to the new Georgia Healthcare Group and recognized in these consolidated carved-out financial statements in accordance with the terms of the business demerger agreement, where such allocations were defined.
- Administrative, payroll, and other operating expenses (including share-based compensation expenses) attributable to the former Georgia Healthcare Group for 2024 and 2023 were predominantly recognized in these consolidated carved-out financial statements.

To offset the difference resulting from these allocations, the group’s equity was adjusted by GEL 1,990 thousand.

The effect of transactions related to shares of Georgia Healthcare Group, including the corresponding entries related to share-based compensation, is reflected in additional paid-in capital. In 2023, this equity line amounted to GEL 3,526 thousand, whereas in 2024, it increased by 126%, reaching GEL 7,971 thousand. The primary driver of growth in both years was share-based compensation.

The line item Non-controlling interests relates to those subsidiaries of the company where the issuer does not own 100% and other shareholders hold minority interests. The respective amounts represent the share of these shareholders in the Group’s equity.

Operating Results

<i>Consolidated Statement of Profit and Loss, '000 GEL</i>	<i>2024</i>	<i>2023</i>
Healthcare services revenue	400,233	369,109
Cost of healthcare services	(247,541)	(235,273)
Gross profit	152,692	133,836
Net other operating income	10,608	13,570
Salaries and other employee benefits	(59,697)	(51,629)
General and administrative expenses	(18,910)	(22,320)
Impairment of healthcare and other receivables	(5,999)	(6,131)
Net other operating expense	(4,993)	(5,460)
EBITDA	73,701	61,866
Depreciation and amortisation	(44,174)	(42,400)
Net Interest income	925	1,342
Net Interest expense	(37,080)	(38,806)
Net losses from foreign currencies	(1,388)	(1,407)
Loss from termination benefits	(2,259)	(2,621)
Loss from inventory write-offs and expired or discontinued one-off projects	(1,060)	-
Expected credit loss on financial guarantees issued	(270)	-
Healthcare and other receivables impairment individually	-	(18,016)
Gain from disposal of business units	-	4,506
Net non-recurring income/(expense)	(702)	(342)
Loss before income tax expense	(12,307)	(35,878)
Income tax expense	-	-
Loss for the year and total comprehensive loss	(12,307)	(35,878)
(Loss)/profit for the year and total comprehensive (loss)/income attributable to:		
Shareholders of the Company	(15,632)	(36,073)
Non-controlling interests	3,325	195

Healthcare services revenue

The Group's revenue is primarily generated from the provision of healthcare services. The Group owns 7 large and specialty hospitals, 27 regional and community hospitals, 16 Evex polyclinics, and 1 diagnostic center throughout Georgia.

The Group provides both inpatient and outpatient services to patients throughout the country. The inpatient segment includes services involving overnight hospitalization, typically for surgical procedures, serious illnesses, or complex treatments. The outpatient segment encompasses services that do not require overnight hospitalization or clinic stays, such as medical consultations, diagnostic services, and others.

The company primarily generates revenue from the following sources:

1. Revenues from the state, which include revenues from services financed through the Universal Healthcare Program;
2. Revenues from insurance companies, which include revenues from services financed through private insurance policies;
3. Revenues from co-payments (out-of-pocket revenues), which include revenues from services that are either partially financed or not financed at all by either the UHC or private insurance.

The breakdown of the company's revenue by source is presented in the table below:

'000 GEL	31-Dec-24	31-Dec-23
-----------------	------------------	------------------

Healthcare services revenue from State (UHC)	218,449	208,475
Healthcare services revenue from out-of-pocket and other	153,348	134,082
Healthcare services revenue from insurance companies	34,012	32,145
Less: Corrections & rebates	(5,576)	(5,593)
Total healthcare services revenue	400,233	369,109

As of December 31, 2024, revenue received from the state amounted to GEL 218,449 thousand, representing a 4.8% increase compared to the same period in 2023 (2023: GEL 208,475 thousand).

Revenue generated from insurance companies amounted to GEL 34,012 thousand in 2024, reflecting a 5.8% increase compared to the same period of the previous year (2023: GEL 32,145 thousand).

The increase in revenue from both the state and insurance companies was primarily driven by the full operational recovery of the Group's healthcare facilities in the second half of 2024. This was a result of certain hospitals and clinics being unable to operate at full capacity in the second half of 2023, due to the need to comply with newly introduced government regulations on hospital bed capacity and minimum distance requirements between beds and walls. These regulatory changes impacted healthcare providers across the sector, including the Group, and required the implementation of renovation works.

Out-of-pocket revenue reached GEL 153,348 thousand in 2024, marking a 14.4% increase compared to the same period of the previous year. This growth was primarily driven by the following factors:

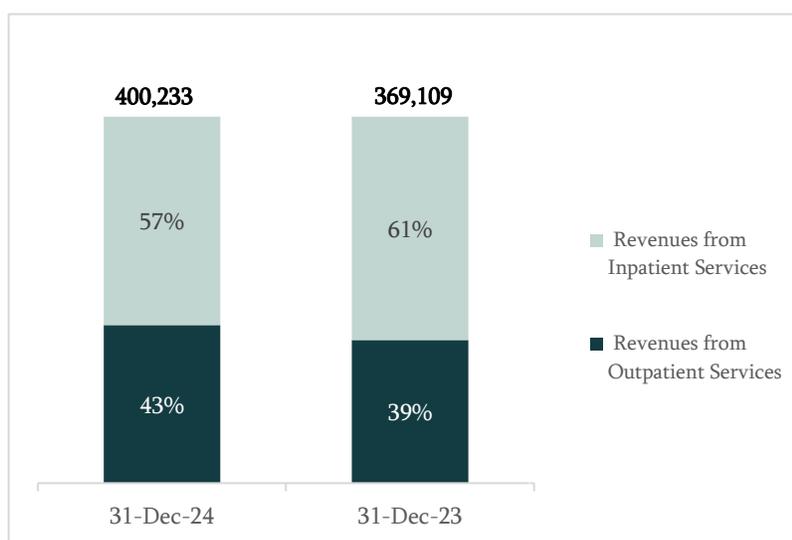
- A return to normal operational activity following regulatory changes;
- Increased revenues from the polyclinics and diagnostic centers segment. This segment provides outpatient services primarily paid through co-payments, which are typically not financed by the state, whereas the majority of inpatient services are covered by Georgia's Universal Healthcare Program (UHC).

Several key factors contributed to the outpatient segment's strong growth:

- The increased demand for high revenue-generating services as well as the growth in the number of registered patients, driven by the business' proactive approach to customer acquisition and service enhancements;
- Ramp-up of two new ambulatory centres launched in 2023;
- The acquisition of a portfolio of approximately 27,000 new customers in June 2024, further contributing to the revenue growth in the fourth quarter and full year of 2024.

As a result of the operational recovery of its healthcare facilities, the Group's total revenue grew by 8.4% year-on-year in 2024, reaching GEL 400,233 thousand, despite the impact of the Batumi hospital divestment.

Figure 27: The breakdown of the company's revenues into inpatient and outpatient services:



In 2024, the group’s revenues from outpatient services amounted to GEL 172,544 thousand, representing a 19.8% increase compared to the same period of the previous year. The main driver of this growth is the company’s strategy to focus more on outpatient services and increase their share in total revenues. As of 2024, outpatient services accounted for 43.1% of total revenues, up from 39.0% in 2023.

In 2024, revenues from inpatient services amounted to GEL 227,689 thousand, marking a 1.2% increase compared to the same period of the previous year. The share of inpatient service revenues in the group’s total revenues decreased from 61.0% to 56.9%.

The group operates regional and community hospitals across Georgia, including in major cities such as Tbilisi, Kutaisi, Batumi, Zugdidi, and others. The geographic distribution of the group’s revenues is primarily concentrated in Tbilisi.

Adjustments and rebates related to healthcare service revenue primarily arise from state-funded receivables. Once the group delivers services covered under the Universal Healthcare Program, it submits a reimbursement claim to the government. The state may then adjust the claimed amount, leading to revenue adjustments for the group.

Cost of healthcare services

The cost of healthcare services includes expenses such as salaries, materials and supplies, utilities, and other related costs. Salary expenses refer to compensation paid to medical personnel, which includes both fixed and variable components. Indirect salary expenses, which are not directly related to the delivery of healthcare services, are presented separately in the income statement.

Utility and other operating expenses cover the costs of electricity, natural gas, cleaning services, water supply, fuel, as well as maintenance and technical servicing of medical equipment.

Cost of providers include expenses related to external medical professionals or entities for services rendered.

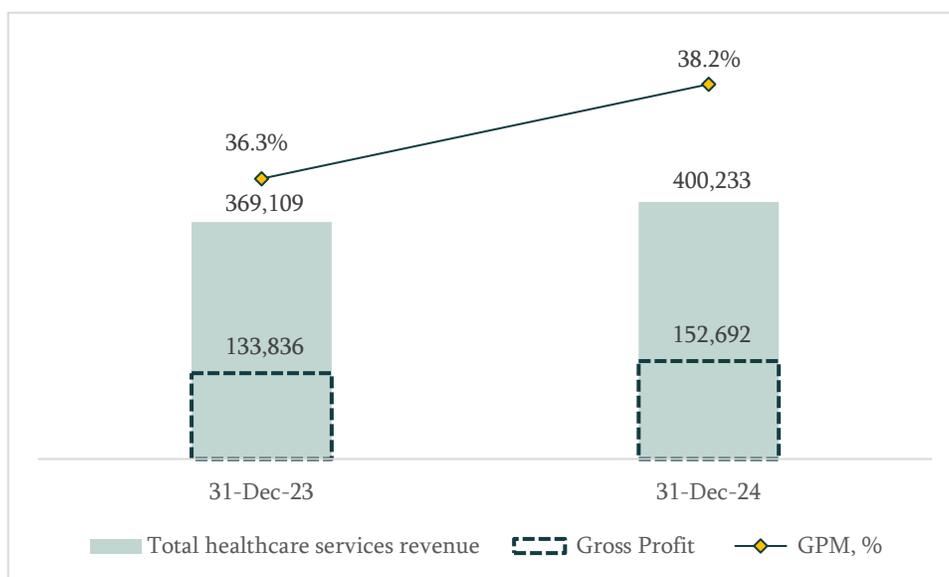
A detailed breakdown of the cost of healthcare services is presented in the table below:

‘000 GEL	2024	2023
Cost of salaries and other employee benefits	(160,008)	(146,851)
Cost materials and supplies	(63,470)	(62,874)
Cost of utilities and other	(22,275)	(23,960)
Cost of providers	(1,788)	(1,588)
Cost of materials and supplies	(247,541)	(235,273)

In 2024, the expenses related to salaries and other employee benefits amounted to GEL 160,008 thousand, reflecting a 9.0% increase compared to the same period in the prior year. The share of salary-related expenses within the total cost of healthcare services also increased, rising from 62.4% in 2023 to 64.6% in 2024. This increase was primarily driven by the introduction of minimum salary requirements for nurses and doctors, implemented by the State in January 2024.

The cost of materials and supplies stood at GEL 63,470 thousand in 2024, representing a 0.9% year-on-year increase. The proportion of this category in the total cost of healthcare services decreased—from 26.7% to 25.6%, mainly due to optimized tender participation processes and improved inventory management practices across the hospital network.

Figure 28: Revenue, Gross profit and Gross profit margin (‘000 GEL):



As of 31 December 2024, the company's gross profit amounted to GEL 152,692 thousand, representing a 14.1% increase compared to the same period of the previous year. The key driver of this growth was the fact that the cost of healthcare services grew at a slower pace than revenue. This dynamic is largely attributable to the company's strategic shift in 2024 toward expanding its outpatient services, which typically carry higher margins. A significant portion of the revenue growth in 2024 came from this segment, resulting in an improvement in the company's gross profit margin.

Net other operating income

Net other operating income primarily comprises operating revenues such as income from residency programs, software services, and rental activities, as well as operating expenses including repair and maintenance costs.

In 2024, net other operating income amounted to GEL 10,608 thousand, representing a 21.8% decrease compared to the same period of the previous year. This decline was primarily driven by lower income from sales of pharmaceuticals and property, plant, and equipment, as well as reduced rental income. The decline was partially offset by increased revenue from the university's educational programs.

The reasons behind the decline in each of the aforementioned items are as follows:

- The decrease in rental income was due to the Group utilizing one of its buildings in Kutaisi for internal purposes, whereas previously it had been leased to external parties.
- Income from the sale of pharmaceuticals and property, plant, and equipment was higher in 2023 due to a one-off effect, with the amounts normalizing in 2024.

A detailed breakdown of net other operating income by period is presented in the table below:

'000 GEL	2024	2023
Revenue from university educational programs	2,733	314
Revenue from software services	2,683	2,876
Income from residency programs	1,976	861
Rental income	1,323	2,087
Revenue from sale of medicine	607	1,690
Gain from property and equipment sold	204	3,867
Revenue from realized stationery	15	38
Other income	1,067	1,837

Other operating income	10,608	13,570
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Salaries and other employee benefits

Salaries and other employee benefits include base salaries, bonuses, and share-based compensation.

In 2024, this line item totaled GEL 59,697 thousand, representing a 15.6% increase compared to 2023. The increase was primarily driven by increased headcount to support the expansion of the services and the development of the Regional and Community hospitals' head-office following the strategic reorganisation in late 2023.

A detailed breakdown of salaries and other employee benefits by period is presented in the following table:

'000 GEL	2024	2023
Salaries and other remuneration	(49,615)	(44,813)
Bonuses paid in cash	(7,141)	(3,270)
Share-based compensation	(2,941)	(3,546)
Total salaries and other employee benefits	(59,697)	(51,629)

General and administrative expenses

General and administrative expenses primarily include costs related to office supplies, utilities, marketing, advertising, and other administrative expenditures.

The breakdown of this line item in the income statement by period is presented in the table below:

'000 GEL	31-Dec-24	31-Dec-23
Office supplies and utility expenses	(5,927)	(5,924)
Marketing and advertising	(2,727)	(4,616)
Short -term and low value lease expense	(1,901)	(1,988)
Transportation	(1,391)	(1,254)
Bank fees and commissions	(996)	(834)
Professional services	(310)	(99)
Communication	(984)	(1,006)
Representative expense	(813)	(717)
Travel expense	(581)	(821)
Operating tax expense	(463)	(532)
Security	(148)	(125)
Other	(2,669)	(4,404)
General and administrative expenses	(18,910)	(22,320)

The largest component of general and administrative expenses is office supplies and utility expenses, which amounted to GEL 5,927 thousand in 2024.

As of 2024, marketing and advertising expenses declined significantly by 40.9%, totaling GEL 2,727 thousand. In 2023, the hospitals carried out a major marketing campaign and rebranding, resulting in a one-off increase in marketing and advertising expenses for that year, with these expenses normalizing in 2024.

In 2024, other general and administrative expenses decreased by 39.4%, amounting to GEL 2,669 thousand, primarily driven by improvements in internal processes and better management of operating expenses.

The ratio of general and administrative expense components to revenue is presented below:

	31-Dec-24	31-Dec-23
Office supplies and utility expenses	-1.5%	-1.6%
Marketing and advertising	-0.7%	-1.3%

Short-term and low value lease expense	-0.5%	-0.5%
Transportation	-0.3%	-0.3%
Bank fees and commissions	-0.2%	-0.2%
Professional services	-0.1%	0.0%
Communication	-0.2%	-0.3%
Representative expense	-0.2%	-0.2%
Travel	-0.1%	-0.2%
Operating tax expense	-0.1%	-0.1%
Security	0.0%	0.0%
Other general and administrative expenses	-0.7%	-1.2%
General and administrative expenses	-4.7%	-6.0%

The group's total general and administrative expenses decreased by 15.3% in 2024 compared to the same period of the previous year, with their share in total revenue declining by 1.3 percentage points, amounting to GEL 18,910 thousand.

The decrease was primarily driven by reductions in marketing and advertising expenses, as well as in other general and administrative expenses.

Impairment of healthcare and other receivables

This expense primarily reflects the impairment of receivables related to medical services provided, which amounted to GEL -5,999 thousand in 2024, representing a 2.2% decrease compared to the same period of the previous year.

The change in impairment of healthcare and other receivables over time is presented in the table below:

'000 GEL	Receivables from Healthcare Services	Other Receivables	Total
1-Jan-23	35,190	2,643	37,833
Impairment charge	6,131	–	6,131
Individually assessed impairment & litigation charges	14,824	3,192	18,016
Write-off due to litigations (Note 27)	-8,530	–	-8,530
Write-off/(recovery)	38	-2,355	-2,317
31-Dec-23	47,653	3,480	51,133
Impairment charge	5,999	–	5,999
Write-off/(recovery)	372	-54	318
31-Dec-24	54,024	3,426	57,450

Other operating expenses

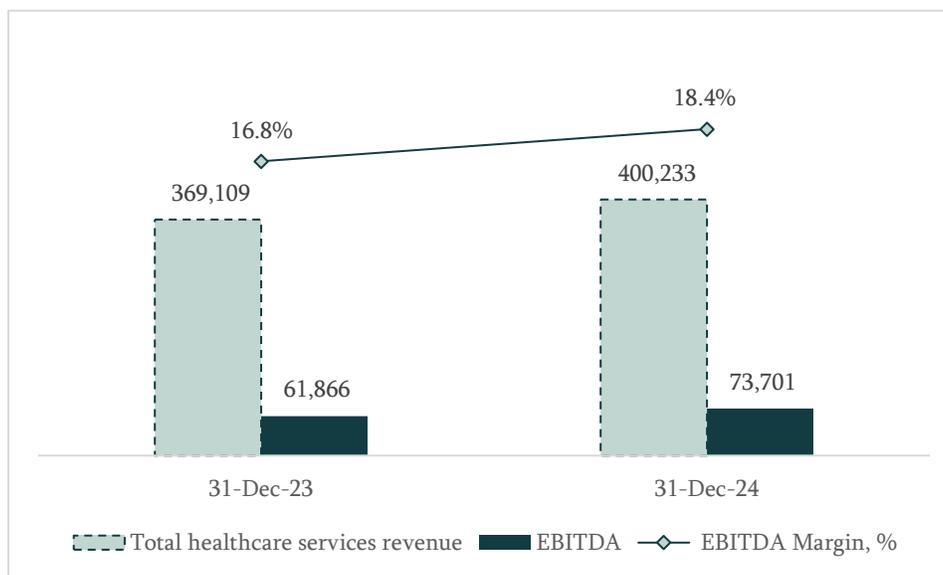
Other operating expenses mainly include costs related to the repair and maintenance of the Group's assets, primarily medical equipment. In 2024, this line item amounted to GEL 4,993 thousand, representing an 8.6% decrease compared to 2023.

A detailed breakdown of other operating expenses by period is presented in the following table:

'000 GEL	2024	2023
Repair and maintenance expenses	(3,460)	(3,138)
Penalties and impairment of tax assets	(401)	(406)
Cost of software services provided	(733)	(827)
Charitable activities	(207)	(248)
Other	(192)	(841)
Total other operating expenses	(4,993)	(5,460)

EBITDA

Figure 29: Revenue, EBITDA and EBITDA margin ('000 GEL):



In 2024, the company's EBITDA amounted to GEL 73,702 thousand, representing a 19.1% increase compared to the same period of the previous year (2023: GEL 61,866 thousand). This growth was primarily driven by:

- The increase in revenues from outpatient services and their growing share in total revenues, as outpatient services are higher-margin and less cost-intensive compared to inpatient services. This shift positively impacted the company's gross profit and, consequently, EBITDA;
- Reduction in various general and administrative expenses, particularly in marketing and advertising, other general and administrative costs, and short-term and low-value lease expenses;
- Other administrative expenses increased at a slower pace than revenue growth, reflecting the company's focus on cost optimization.

Net Interest expense

Interest income mainly includes interest earned on deposits and issued loans. A breakdown by period is presented in the following table:

'000 GEL	2024	2023
Interest income from amounts due from credit institutions	870	379
Interest income on loans issued	55	963
Total interest income	925	1,342

The group's net interest expense primarily includes interest accrued on borrowings and issued bonds, as well as interest on lease liabilities.

A breakdown of net interest expense by period is presented in the table below.

'000 GEL	31-Dec-24	31-Dec-23
Interest expense on borrowings	-32,995	-29,998
Interest expense on debt securities issued	-3,172	-7,210
Interest expense on lease	-913	-1,598
Other operating expense	-37,080	-38,806

On 6 November 2019, JSC Evex Hospitals, then a subsidiary of JSC Georgia Healthcare Group, issued bonds with a total nominal value of GEL 50 million. Following the Group's reorganization, the former subsidiary was split into two separate entities: JSC Georgia Clinics and JSC Vian. As a result, the borrowed funds were divided between the two companies—part was allocated to JSC Georgia Clinics, while the bonds themselves were classified as a liability of JSC Vian.

For further details regarding the issued bonds, please see the table below.

Company Name	ISIN	Amount	Currency	Issue Date	Maturity Date	Coupon Rate
JSC „Vian“	GE2700603881	50 million	GEL	06/11/2019	July,2024	NBG Ref. rate + 310 BPS

Out of the total GEL 50 million, the company repurchased GEL 47,504 thousand worth of bonds in July 2024. The remaining was redeemed at maturity.

Interest expense on lease includes interest charges accrued on several hospitals and clinics leased by the group.

Loss from termination benefits

A breakdown of termination benefit expenses by period is presented in the following table:

'000 GEL	31-Dec-24	31-Dec-23
Loss from termination benefits – senior management	(868)	(2,621)
Loss from termination benefits – other employees	(1,391)	-
Total loss from employee termination benefits	(2,259)	(2,621)

Loss from inventory write-offs and expired or discontinued one-off projects

In 2024, the Group recognized an aggregate loss of GEL 1,060 thousand related to expired or discontinued one-off projects. This included inventory write-offs amounting to GEL 260 thousand related to COVID-19, as well as GEL 800 thousand associated with the discontinued surrogacy program and expenses incurred to obtain accreditation for hospitals and clinics. These accreditation expenses are irregular by nature and do not qualify for capitalization.

Impairment of healthcare-related and other receivables, individually assessed expenses, and costs arising from litigation

As at 31 December 2023, the Group conducted a more detailed analysis of healthcare and other receivables related to the sale of inventories and equipment and recognized an additional provision of GEL 9,486 thousand, as well as GEL 8,530 thousand in connection with litigation, resulting in a total of GEL 18,016 thousand recorded as one-off legal expenses. These expenses related to legal disputes with the state concerning specific trade receivables, which in turn pertained to reimbursement for services previously provided by the Group. Although formal legal proceedings had commenced, the Group ultimately assessed the probability of collection of these receivables as low and decided to write them off within the same reporting year.

The total amount of provisions recognized in 2023 in connection with litigation was GEL 8,530 thousand, of which GEL 3,966 thousand related to two ongoing legal cases:

- 1 LLC Western Georgia Medical Center is in dispute with the LEPL National Health Agency, which imposed a fine on the company for violations of the conditions of medical services provided under state programs. The provision amount for this dispute is GEL 1,734 thousand.
- 2 The same company is also in dispute with the LEPL Medical and Pharmaceutical Regulation Agency, which, based on a selective audit conducted under the Universal Healthcare Program (Resolution No. 36), issued Audit Report No. R-2408-72 and imposed a fine on LLC West Georgia Medical Center. The provision amount for this dispute is GEL 2,232 thousand.

The remaining provisions related to other litigation matters are not material, with each individual case not exceeding GEL 350 thousand.

Gain from disposal of business units

In December 2023, the Group sold one of its hospitals located in Batumi ("Batumi Hospital") for GEL 30,560 thousand. The primary asset categories associated with the disposed asset are presented in the following table:

'000 GEL	31-Dec-23
Property, plant, and equipment	25,923
Inventories	131
Net assets disposed	26,054

The difference between the selling price and the net carrying amount of the disposed asset, GEL 4,506 thousand, was recognized as a gain from disposal of the business unit.

Risk Management

Introduction

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. It is also subject to operational risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Management Board

The Management Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Group's businesses. Among its responsibilities are setting and executing the Group's strategy within a framework of effective risk management and internal controls, demonstrating ethical leadership and upholding best practice corporate governance. The Management Board comprises 14 managers, nine of whom are involved in Group-level management, while the remaining five managers are involved in management of operating entities.

Internal audit department

The internal audit department is responsible for monitoring compliance with principles, frameworks, policies and limits in accordance with the Group's risk management strategy related to the general control environment, manual and application controls, risks of intentional or unintentional misstatements, risk of fraud or misappropriation of assets, information security, information technology risks, etc. The internal audit department facilitates the activities of the external auditors of the Group.

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on different forecasting models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board and the head of each business division. The reports include aggregate receivables exposures and credit exposures, their limits, exceptions to those limits, liquidity ratios and liquidity limits, market risk ratios and their limits, and changes to the risk profile. Senior management assesses the appropriateness of the levels of liquidity, credit positions, receivables positions and allowance for impairment on a monthly basis. The Management Board receives a comprehensive risk report once a month. These reports are designed to provide all the necessary information to assess and conclude on the risks of the Group.

Risk mitigation

The Group actively uses a collective financial responsibility approach to individual healthcare customers arising from the provision of healthcare services to out-of-pocket customers, to manage the respective individual debtors arising from healthcare services falling out of the scope of the UHC.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for product and currency concentrations, and by monitoring exposures in relation to such limits. Also, the Group establishes and regularly monitors credit terms by types of debtors, which is a proactive tool for managing the credit risk.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular analysis of debt service and ageing of receivables. Counterparty limits are established in combination with credit terms. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The credit quality of financial assets is managed by the Group based on number of overdue days. The table below shows maximum exposure to credit risk and credit quality by class of asset in the statement of financial position.

Credit quality per class of financial assets

31-Dec-24	Loss rate	Gross carrying amount	Expected loss	Net carrying amount
<i>Collectively assessed</i>				
Receivables from healthcare services				
Less than 30 days overdue	1.1%	18,573	209	18,364
30–61 days overdue	1.4%	20,603	278	20,325
61–90 days overdue	1.1%	15,130	172	14,958
90–180 days overdue	3.2%	27,711	881	26,830
Over 180 days overdue	84.8%	61,898	52,484	9,414
Total receivables from healthcare services (Note 8)		143,915	54,024	89,891
Other receivables and other assets				
Other receivables	36.7%	9,334	3,426	5,908
Loans issued (Stage 1)	–	736	–	736
Total other receivables and other assets		10,070	3,426	6,644
Financial guarantees				
Financial guarantees issued with respect to the borrowings of the Group's entities under common control (Stage 1)	0.7%	36,190	270	35,920
31-Dec-23	Loss rate	Gross carrying amount	Expected loss	Net carrying amount
<i>Collectively assessed</i>				
Receivables from healthcare services				
Less than 30 days overdue	2.0%	18,356	373	17,983
30–61 days overdue	2.6%	17,862	470	17,392
61–90 days overdue	2.2%	16,347	368	15,979
90–180 days overdue	2.9%	37,387	1,085	36,302
Over 180 days overdue	87.5%	51,808	45,357	6,451
Total receivables from healthcare services (Note 8)		141,760	47,653	94,107
Other receivables and other assets				
Other receivables	8.0%	43,770	3,480	40,290
Loans issued (Stage 1)	–	1,242	–	1,242
Total other receivables and other assets		45,012	3,480	41,532
1-Jan-23	Loss rate	Gross carrying amount	Expected loss	Net carrying amount

<i>Collectively assessed</i>				
Receivables from healthcare services				
Less than 30 days overdue	1.3%	25,641	322	25,319
30–61 days overdue	1.89%	20,842	394	20,448
61–90 days overdue	2.87%	19,785	568	19,217
90–180 days overdue	13.17%	30,213	3,980	26,233
Over 180 days overdue	91.35%	32,761	29,926	2,835
Total receivables from healthcare services (Note 8)		129,242	35,190	94,052
Other receivables and other assets				
Other receivables	44.1%	5,999	2,643	3,356
Loans issued (Stage 1)	–	1,470	–	1,470
Total other receivables and other assets		7,469	2,643	4,826

Loans and financial guarantees issued do not have internal credit grading and are not collateralized. Loans issued are not overdue as at 31 December 2024, 31 December 2023 and 1 January 2023. No significant increase in credit risk occurred in respect of loans and financial guarantees issued as at 31 December 2024, 31 December 2023 and 1 January 2023. In absence of own historical default statistics on loans and financial guarantees issued, the Group, having exercised significant judgment, measured expected credit losses with reference to PD and LGD benchmarks as per published recognized rating agency reports. Significant judgment was also required to determine deemed credit rating of the counterparties for the purpose of applying deemed PD. In making this judgment, the Group considered publicly available information on the credit rating of the healthcare segment across the globe. In 2024, expected credit losses' charge attributable to the issued financial guarantees are presented separately in the consolidated statement of comprehensive income and related liability are presented within other liabilities as of 31 December 2024.

Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet all its payment obligations when they fall due under normal or stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its capital, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a regular basis. This incorporates daily monitoring of expected cash flows and liquidity needs.

The Group manages the maturities of its assets and liabilities for better matching, which helps the Group additionally mitigate the liquidity risk. The major liquidity risks confronting the Group are the daily calls on its available cash resources in respect of supplier contracts and the maturity of borrowings.

As of 31 December 2024, as the Group was in breach of financial covenants related to its borrowings from foreign and local financial institutions and in respect of which waivers were obtained after the reporting date, borrowings totalling GEL 107,702, have been classified as current liabilities. The Group management has a positive track record history of obtaining waivers from financial institutions or renegotiations of terms and conditions of related borrowings. In addition, as stated in Note 1, the Group management initiated the bond issuance process and has already engaged placement agents for this purpose to place a five-year GEL 350 million debt securities in September 2025. Accordingly, the table below analyses the Group's assets and liabilities into their relevant maturity groups based on expectations on their recovery or settlement after more than twelve months:

31-Dec-24	Less than one year	More than one year	Total
Assets			
Cash and cash equivalents (financial)	38,784	–	38,784
Receivables from healthcare services (financial)	80,150	9,741	89,891
Inventories (non-financial)	30,852	–	30,852
Prepayments (financial)	6,471	5,106	11,577
Property, equipment and right of use assets (non-financial)	–	539,524	539,524
Goodwill and other intangible assets (non-financial)	–	92,764	92,764

Other assets (non-financial)	11,426	14,778	26,204
Total assets	167,683	661,913	829,596
Liabilities			
Accruals for employee compensation	39,575	–	39,575
Accounts payable	25,750	–	25,750
Lease liabilities	6,086	26,077	32,163
Borrowings	70,579	271,668	342,247
Other liabilities	9,705	–	9,705
Total liabilities	151,695	297,745	449,440

31-Dec-23	Less than one year	More than one year	Total
Assets			
Cash and cash equivalents	34,271	–	34,271
Receivables from healthcare services	85,174	8,933	94,107
Other receivables	30,560	–	30,560
Inventories	29,251	–	29,251
Prepayments	5,946	3,464	9,410
Property, equipment and right of use assets	–	515,236	515,236
Goodwill and other intangible assets	–	83,084	83,084
Other assets	15,585	16,171	31,756
Total assets	200,787	626,888	827,675
Liabilities			
Accruals for employee compensation	41,909	–	41,909
Accounts payable	29,086	–	29,086
Lease liabilities	5,106	20,975	26,081
Borrowings	37,883	244,650	282,533
Debt securities issued	47,504	–	47,504
Other liabilities	6,796	–	6,796
Total liabilities	168,284	265,625	433,909
Net position	32,503	361,263	393,766

1-Jan-23	Less than one year	More than one year	Total
Assets			
Cash and cash equivalents (financial)	35,333	–	35,333
Receivables from healthcare services (financial)	87,827	6,225	94,052
Inventories (non-financial)	24,688	–	24,688
Prepayments (financial)	2,596	7,257	9,853

Property, equipment and right of use assets (non-financial)		518,868	518,868
Goodwill and other intangible assets (non-financial)		79,482	79,482
Other assets	5,426	16,464	21,890
Total assets	155,870	628,296	784,166
Liabilities			
Accruals for employee compensation	38,423		38,423
Accounts payable	26,205		26,205
Lease liabilities	3,753	13,869	17,622
Borrowings	54,734	166,678	221,412
Debt securities issued	7,144	40,434	47,578
Other liabilities	6,870		6,870
Total liabilities	137,129	220,981	358,110

Management believes that the current level of the Group's liquidity is sufficient to meet all its present obligations and settle liabilities in timely manner. The Group also matches the maturity of financial assets and financial liabilities and imposes a maximum limit on negative gaps. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. Repayments, which are subject to notice, are treated as if notice were to be given immediately.

31-Dec-24	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Accounts payable	25,750				25,750
Borrowings	147,077	47,891	192,164	23,554	410,686
Lease liabilities	1,660	4,632	21,392	15,311	42,995
Other liabilities: dividends payable (Note 1)		2,932	–	–	2,932
Other liabilities: financial guarantees (Note 14)	36,190				36,190
Total undiscounted financial liabilities	210,677	55,455	213,556	38,865	518,553

31-Dec-23	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Accounts payable	29,086	–	–	–	29,086
Debt securities issued	1,651	51,517	–	–	53,168
Borrowings	134,452	100,165	83,351	–	317,968
Lease liabilities	1,339	3,949	17,669	11,754	34,711
Total undiscounted financial liabilities	166,528	155,631	101,020	11,754	434,933

1-Jan-23	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Accounts payable	26,205	–	–	–	26,205
Debt securities issued	1,651	4,970	51,970	–	58,591
Borrowings	13,690	34,529	234,681	–	282,900
Lease liabilities	951	2,802	11,914	6,388	22,055
Total undiscounted financial liabilities	42,497	42,301	298,565	6,388	389,751

The Group expects to be able to meet all upcoming contractual obligations by applying proceeds from operations, refinancing existing borrowing facilities, or obtaining additional financing from the Parent.

Market risk

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Group has exposure to market risks. The Group structures the levels of market risk it accepts through a Group market risk policy that determines what constitutes market risk for the Group.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of the financial instruments or the future cash flows on financial instruments. The Group has floating interest rate borrowings linked to SOFR and NBG short-term loan refinancing rates and is therefore exposed to interest rate risk.

	31 December 2024			31 December 2023		
	GEL	USD	EUR	GEL	USD	EUR
Borrowings	11.5%	9.3%	3.8%	13.7%	4.6%	3.8%

Sensitivity of the consolidated profit or loss is the effect of the assumed changes in interest rates on the interest expense for the year. In 2024 and 2023, sensitivity analysis did not reveal any significant potential effect on the Group's equity. The following table demonstrates sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated profit or loss:

Currency	31-Dec-24		31-Dec-23	
	Change in Basis Points	Sensitivity of Profit or Loss	Change in Basis Points	Sensitivity of Profit or Loss
GEL	-2.50%	7,460	-2.50%	7,305
USD	2.23%	-773	2.23%	-529
GEL	2.50%	-7,460	2.50%	-7,305
USD	-2.23%	773	-2.23%	529

Currency risk

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group's principal transactions are carried out in Georgian Lari and its exposure to foreign exchange risk arises primarily with respect to US Dollar.

The Group's financial assets are primarily denominated in the same currencies as its liabilities, which is the functional currency of the Group entities – Lari. Most of the Group's operations are denominated in Lari too. This fact mitigates the foreign currency exchange rate risk operationally. The main foreign exchange risk arises from US Dollars denominated borrowings that are partially hedged through cash deposits with banks, also denominated in US Dollars and the foreign currency forward contracts with the Group's counterparties.

The tables below indicate the currencies to which the Group had significant exposure at 31 December 2024 and 2023 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Georgian Lari, with all other variables held constant on the profit or loss. A negative amount in the table reflects a potential net reduction in profit or loss, while a positive amount reflects a net potential increase.

	31-Dec-24		31-Dec-23		1-Jan-23	
	USD	EUR	USD	EUR	USD	EUR
Assets						
Cash and cash equivalents	26,962	675	36	78	1,789	2,123
Total monetary assets	26,962	675	36	78	1,789	2,123

Liabilities						
Borrowings	34,919	9,267	23,732	14,118	42,200	14,422
Lease liabilities	32,163	–	26,081	–	17,622	–
Total monetary liabilities	67,082	9,267	49,813	14,118	59,822	14,422
Net monetary position	-40,120	-8,592	-49,777	-14,040	-58,033	-12,299
% Reasonably possible increase in FX	5.49%	5.80%	5.93%	6.04%	16.34%	29.30%
Effect on profit before income tax expense	-2,203	-498	-2,952	-848	-9,483	-3,604
% Reasonably possible decrease in FX	-5.49%	-5.80%	-5.93%	-6.04%	-16.34%	-29.3%
Effect on profit before income tax expense	2,203	498	2,952	848	9,483	3,604

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Operating environment

The Group's business is concentrated in Georgia. As an emerging market, Georgia does not possess a well-developed business and regulatory infrastructure that would generally exist in a more mature market economy. Operations in Georgia may involve risks that are not typically associated with those in developed markets (including the risk that the Georgian Lari is not freely convertible outside the country and undeveloped debt and equity markets). However, over the last few years the Georgian government has made a number of developments that positively affect the overall investment climate of the country, specifically implementing the reforms necessary to create banking, judicial, taxation and regulatory systems. This includes the adoption of a new body of legislation (including new Tax Code and procedural laws). In the view of the Board, these steps contribute to mitigate the risks of doing business in Georgia.

The existing tendency aimed at the overall improvement of the business environment is expected to persist. The future stability of the Georgian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government. However, the Georgian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

Review of the Cash Flow Statement

<i>Statement of Cash Flows, '000 GEL</i>	2024	2023
Receipts from customers	409,257	347,212
Payments to suppliers and direct salaries paid	(277,326)	(277,420)
Payments to other employees	(61,976)	(49,761)
Net cash flows from operating activities	69,955	20,031
Cash flows from /(used in) investing activities		
Purchase of property, equipment and intangible assets	(67,416)	(64,565)
Interest received	1,431	1,570
Proceeds from sale of property and equipment	34,267	21,517
Net cash flow used in investing activities	(31,718)	(41,478)
Cash flows from / (used in) financing activities		
Acquisition of additional interest in existing subsidiaries	(826)	-

Distribution to the Parent	(1,990)	-
Proceeds from borrowings and bonds issued	339,448	229,940
Repayment of borrowings and bonds issued	(325,212)	(170,984)
Lease liabilities paid, principal	(5,448)	(2,529)
Lease liabilities paid, interest	(913)	(1,598)
Interest paid	(38,285)	(34,224)
Net cash flows used in financing activities	(33,226)	20,605
Effect of exchange rates changes on cash and cash equivalents	(498)	(220)
Net decrease in cash and cash equivalents	4,513	(1,062)
Cash and cash equivalents, beginning	34,271	35,333
Cash and cash equivalents, end	38,784	34,271

In 2024, **net cash flows from operating activities** amounted to GEL 69,955 thousand, representing a 3.49x increase compared to the previous year (2023: GEL 20,031 thousand). The main driver of this growth was the increase in cash revenue inflows, which was partially attributable to revenue growth and partially to a decrease in trade receivables from the state. Additionally, the increase in net cash flows from operating activities was also supported by a slower growth rate in the Group's cost of services paid compared to revenues received.

Detailed information over the periods is provided below:

<i>'000 GEL</i>	<i>2024</i>	<i>2023</i>
Receipts from customers	409,257	347,212
Payments to suppliers and direct salaries paid	(277,326)	(277,420)
Payments to other employees	(61,976)	(49,761)
Net cash flows from operating activities	69,955	20,031

Net cash flow used in investing activities increased by 23.5% in 2024, totaling GEL 31,718 thousand. This increase was primarily driven by a rise in proceeds from the sale of assets, the main driver of which was the sale of Batumi Hospital.

Detailed information over the periods is provided below:

<i>Statement of Cash Flows, '000 GEL</i>	<i>2024</i>	<i>2023</i>
Purchase of property, equipment and intangible assets	(67,416)	(64,565)
Interest received	1,431	1,570
Proceeds from sale of property and equipment	34,267	21,517
Net cash flow used in investing activities	(31,718)	(41,478)

For more information on the Group's capital expenditures, please refer to the subsection "Investments" of the Prospectus.

Net cash flow used in financing activities decreased by 261.3% in 2024, amounting to GEL 33,336 thousand. The decline was primarily driven by a reduction in net proceeds from borrowings and foreign exchange operations.

Detailed information over the periods is provided below:

<i>'000 GEL</i>	<i>2024</i>	<i>2023</i>
Acquisition of additional interest in existing subsidiaries	(826)	-

Distribution to the Parent	(1,990)	-
Proceeds from borrowings and bonds issued	339,448	229,940
Repayment of borrowings and bonds issued	(325,212)	(170,984)
Lease liabilities paid, principal	(5,448)	(2,529)
Lease liabilities paid, interest	(913)	(1,598)
Interest paid	(38,285)	(34,224)
Net cash flows used in financing activities	(33,226)	20,605

In 2024, the issuer acquired an additional 33% stake in its subsidiary, JSC Vabaco, for GEL 826 thousand.

For additional information regarding the distribution to the parent company, please refer to the "Equity" section within the "Financial Review" subsection.

Capitalization and Debt

The structure of capitalization and debt for the respective periods is presented in the table below:

'000 GEL	(Unaudited) 30-Jun-25	(Audited) 31-Dec-24	(Audited) 31-Dec-23
Liabilities:			
Borrowed funds and debt securities	366,637	342,247	330,037
Lease liabilities	32,364	32,163	26,081
Total interest-bearing liabilities	399,001	374,410	356,119
Equity:			
Additional Paid in Capital	9,755	7,971	3,526
Charter Capital*	105,280	105,280	-
Accumulated Deficit/Retained earnings	240,199	233,735	356,637
Non-controlling interests	34,230	33,170	33,603
Total Equity	389,464	380,156	393,766
Total capitalization	788,465	757,498	749,885

As of June 30, 2025, the breakdown of the company's debt obligations is as follows, with amounts presented in thousands of GEL:

Name of the lender	Currency	Issue Date	Maturity Date	Loan Type	Remaining term, years	Principal	Interest accrued	Interest rate
JSC Bank of Georgia	GEL	25-Dec-24	27-Aug-29	Fixed	4	21,146	32	NBG+6.0%
EBRD	GEL	28-Oct-22	13-Jul-27	Fixed	2	18,385	953	NBG+3.0%
JSC Bank of Georgia	GEL	27-Jun-24	27-Jun-29	Fixed	4	8,430	8	NBG+3.5%
JSC Bank of Georgia	GEL	27-Jun-24	27-Jun-29	Fixed	4	50,988	48	NBG+3.5%
JSC Bank of Georgia	GEL	27-Jun-24	27-Jun-29	Fixed	4	16,859	16	NBG+3.5%
JSC Bank of Georgia	GEL	29-Apr-24	29-Jan-29	Fixed	4	9,179	-	NBG+3.4%
JSC TBC Bank	GEL	14-Sep-21	14-Sep-26	Fixed	1	7,813	39	NBG+3.5%
JSC TBC Bank	GEL	31-Mar-23	31-Mar-28	Fixed	3	13,948	40	NBG+3.1%
JSC TBC Bank	GEL	28-Jun-24	27-Jun-29	Fixed	4	19,449	31	NBG+3.5%
JSC TBC Bank	GEL	28-Jun-24	27-Jun-29	Fixed	4	29,411	46	NBG+3.5%
JSC Bank of Georgia	GEL	26-Sep-24	26-Sep-25	Credit line	0	9,900	-	NBG+5.0%

JSC Libery Bank	GEL	28-Jun-24	20-Jun-29	Fixed	4	12,070	41	NBG+4.5%
JSC Bank of Georgia	USD	26-Dec-24	26-Dec-34	Fixed	9	25,193	10	10.00%
JSC Bank of Georgia	GEL	14-Mar-25	14-Mar-26	Fixed	1	10,000	59	NBG+7.5%
JSC Bank of Georgia	GEL	16-Jun-25	15-May-26	Credit line	1	8,000	48	15.50%
JSC TBC Bank	GEL	25-Jun-25	25-Sep-25	Credit line	0	7,000	12	NBG+7.0%
JSC Bank of Georgia	GEL	29-Jun-24	29-Jun-29	Fixed	4	4,215	4	NBG+3.5%
JSC Bank of Georgia	GEL	4-May-24	4-Dec-25	Fixed	0	743	6	NBG+3.5%
JSC Bank of Georgia	GEL	15-Feb-24	15-Feb-26	Credit line	1	5,000	24	NBG+3.5%
JSC Bank of Georgia	GEL	28-Apr-23	28-Apr-28	Fixed	3	22,108	-	NBG+3.5%
JSC TBC Bank	GEL	31-Mar-21	30-Mar-26	Fixed	1	2,874	1	NBG+3.1%
JSC TBC Bank	GEL	28-Jun-24	27-Jun-29	Fixed	4	4,862	8	NBG+3.0%
JSC TBC Bank	EUR	30-Jan-25	21-Feb-35	Fixed	10	7,454	17	9.00%
JSC TBC Bank	GEL	30-Jan-25	30-Jan-35	Fixed	10	18,000	39	NBG+9.0%
JSC BasisBank	GEL	27-Jun-24	27-Jun-29	Fixed	4	2,578	23	NBG+3.7%
JSC Bank of Georgia	GEL	4-Dec-20	4-Dec-25	Fixed	0	495	4	Fixed
JSC Bank of Georgia	GEL	4-Dec-20	4-Dec-25	Fixed	0	202	2	NBG+3.5%
JSC Bank of Georgia	GEL	9-Jan-24	9-Jan-27	Fixed	2	1,603	9	NBG+4.0%
JSC Bank of Georgia	GEL	9-Jan-24	9-Jan-26	Credit line	1	1,000	7	NBG+4.5%
JSC Bank of Georgia	GEL	23-Apr-24	23-Apr-26	Credit line	1	500	1	NBG+3.5%
JSC TBC Bank	GEL	30-Jun-23	30-Jun-26	Credit line	1	300	0	NBG+3.5%
JSC Bank of Georgia	GEL	29-Apr-21	28-Apr-26	Credit line	1	8,000	-	15.50%
JSC Bank of Georgia	GEL	26-Sep-24	26-Sep-25	Credit line	0	2,666	4	Fixed
EBRD	USD	25-Oct-22	25-Oct-27	Fixed	2	3,026	42	7.30%
DEG	EUR	15-Jun-22	15-Jun-27	Fixed	2	7,971	12	3.80%
EBRD	USD	25-Oct-22	25-Oct-27	Fixed	2	3,631	50	7.30%
Total Interest-bearing liabilities						365,000	1,637	

In addition to the above-mentioned on-balance sheet liabilities, the Group has provided a guarantee for a GEL 36,190 thousand loan of JSC "Georgian Pharmacy Group." This guarantee will be canceled following the issuance of the bonds.

As of December 31, 2024, the breakdown of the company's debt obligations is as follows, with amounts presented in thousands of GEL:

Name of the lender	Currency	Issue Date	Maturity Date	Loan Type	Remaining term, years	Principal	Interest accrued	Interest rate
EBRD	GEL	28-Oct-22	13-Jul-27	Fixed	2.5	22,062	985	NBG+3.0%
JSC Liberty Bank	GEL	28-Jun-24	20-Jun-29	Fixed	4.4	13,202	4	NBG+3.25%
JSC Bank of Georgia	GEL	27-Jun-24	27-Jun-29	Fixed	4.4	9,123	-24	NBG+3.5%
JSC Bank of Georgia	GEL	27-Jun-24	27-Jun-29	Fixed	4.4	57,244	-22	NBG+3.5%
JSC Bank of Georgia	GEL	27-Jun-24	27-Jun-29	Fixed	4.4	18,478	-49	NBG+3.5%
JSC Bank of Georgia	GEL	29-Apr-24	29-Jan-29	Fixed	4.0	10,185	-43	NBG+3.4%
JSC Bank of Georgia	GEL	26-Sep-24	26-Sep-25	Credit line	0.7	9,900	-28	NBG+5.0%

JSC Bank of Georgia	USD	26-Dec-24	26-Dec-34	Fixed	9.9	25,964	-36	10.00%
JSC TBC Bank	GEL	14-Sep-21	14-Sep-26	Fixed	1.7	8,553	73	NBG+3.5%
JSC TBC Bank	GEL	31-Mar-23	31-Mar-28	Fixed	3.3	14,528	81	NBG+3.5%
JSC TBC Bank	GEL	28-Jun-24	27-Jun-29	Fixed	4.4	20,000	80	NBG+3.5%
JSC TBC Bank	GEL	28-Jun-24	27-Jun-29	Fixed	4.4	29,707	99	NBG+3.5%
JSC Bank of Georgia	GEL	29-Jun-24	29-Jun-29	Fixed	4.4	4,619	0	NBG+3.5%
JSC Bank of Georgia	GEL	4-May-24	4-Dec-25	Fixed	0.9	1,524	6	NBG+3.5%
JSC Bank of Georgia	GEL	15-Feb-24	15-Feb-25	Fixed	0.1	5,000	0	NBG+3.5%
JSC Bank of Georgia	GEL	28-Apr-23	28-Apr-28	Credit line	3.3	23,191	-39	NBG+3.1%
BB	GEL	27-Jun-24	27-Jun-29	Fixed	4.4	2,816	-5	NBG+3.5%
JSC TBC Bank	GEL	31-Mar-21	30-Mar-26	Fixed	1.2	3,255	0	NBG+3.0%
JSC BasisBank	GEL	28-Jun-24	27-Jun-29	Fixed	4.4	4,523	0	NBG+3.5%
Gepha (sub-leanded EBRD loan)	USD	31-Jul-20	25-Oct-27	Fixed	2.8	4,678	39	7.25%
JSC Bank of Georgia	GEL	29-Apr-21	28-Apr-25	Credit line	0.3	8,000	2	NBG+2.8%
JSC Bank of Georgia	GEL	26-Sep-24	26-Sep-25	Credit line	0.7	2,892	5	NBG+5.5%
Gepha (sub-leanded EBRD loan)	USD	31-Jul-20	25-Oct-27	Fixed	2.8	4,746	308	7.25%
Gepha (sub-leanded DEG loan)	EUR	15-Jun-22	15-Jun-27	Fixed	2.4	9,158	108	3.80%
JSC Bank of Georgia	GEL	4-Dec-20	4-Dec-25	Fixed	0.9	979	7	NBG+3.5%
JSC Bank of Georgia	GEL	4-Dec-20	4-Dec-25	Fixed	0.9	388	3	NBG+4.0%
JSC Bank of Georgia	GEL	9-Jan-24	9-Jan-27	Fixed	2.0	1,719	10	NBG+4.5%
JSC Bank of Georgia	GEL	9-Jan-24	9-Jan-25	Credit line	0.0	300	3	NBG+4.0%
JSC Bank of Georgia	GEL	23-Apr-24	23-Apr-25	Credit line	0.3	1,000	3	NBG+3.5%
JSC TBC Bank	GEL	30-Jun-23	30-Jun-25	Credit line	0.4	250	0	NBG+3.5%
JSC Bank of Georgia	GEL	25-Dec-24	27-Aug-29	Fixed	4.6	22,774	-80	NBG+3.5%
Total interest-bearing liabilities						340,757	1,490	

In July 2024, JSC Vian, a subsidiary of Georgia Healthcare Group, on the secondary market repurchased all of its outstanding bonds (ISIN - GE2700603881), totaling GEL 47,504 thousand. These debt securities were originally issued in 2019 to a diversified investor base, including IFIs.

As of December 31, 2023, the breakdown of the company's debt obligations is as follows, with amounts presented in thousands of GEL:

Name of the lender	Currency	Issue Date	Maturity Date	Loan Type	Remaining term, years	Principal	Interest accrued	Interest rate
Proparco	USD	16-Sep-16	31-Jul-24	Fixed	0.6	11,179	564	6M US Libor + 3.0%
EBRD	GEL	20-Sep-18	20-Feb-24	Fixed	0.1	1,250	110	NBG+3.5%
EBRD	GEL	28-Oct-22	28-Oct-27	Fixed	3.8	24,820	1,404	NBG+3%
JSC Halyk Bank Georgia	GEL	7-Aug-23	7-Aug-24	Credit Line	0.6	3,000	1	NBG+2.5%

JSC Liberty Bank	GEL	29-Nov-21	29-Oct-25	Fixed	1.8	5,263	4	NBG+3.1%
JSC Liberty Bank	GEL	29-Oct-21	29-Oct-24	Credit Line	0.8	5,000	17	NBG+2.85%
JSC Liberty Bank	GEL	29-Sep-23	29-Sep-24	Credit Line	0.7	5,000	57	NBG+3.45%
Bonds	GEL	6-Nov-19	6-Nov-24	Bonds	0.8	46,953	891	NBG+3.1%
JSC Bank of Georgia	GEL	24-Mar-23	24-Mar-24	Credit Line	0.2	17,665	38	NBG+3.5%
JSC Bank of Georgia	GEL	28-Apr-23	28-Apr-28	Fixed	4.3	35,695	37	NBG+3.1%
JSC Bank of Georgia	GEL	31-Mar-23	5-Apr-24	Credit Line	0.3	8,000	72	NBG+2.8%
JSC Bank of Georgia	GEL	30-Aug-23	30-Aug-24	Credit Line	0.6	20,000	14	NBG+3.0%
JSC Bank of Georgia	GEL	28-Jun-23	28-Jun-24	Credit Line	0.4	5,000	5	NBG+2.8%
JSC Bank of Georgia	GEL	7-Dec-23	7-Dec-28	Fixed	4.9	12,000	104	NBG+3.4%
JSC TBC Bank	GEL	14-Sep-21	17-Sep-26	Fixed	2.7	12,696	78	NBG+3.5%
JSC TBC Bank	GEL	30-Sep-22	28-Sep-24	Credit Line	0.7	10,000	14	NBG+3.5%
JSC TBC Bank	GEL	31-Mar-23	31-Mar-28	Fixed	4.3	17,785	57	NBG+3.1%
JSC TBC Bank	GEL	29-Dec-23	29-Dec-24	Credit Line	0.9	10,000	7	NBG+3.1%
Gepha (sub-leanded EBRD loan)	USD	31-Jul-20	25-Oct-27	Fixed	3.8	6,597	0	7.25%
BasisBank	GEL	16-Mar-23	18-Mar-24	Credit Line	0.2	3,000	26	NBG+3.4%
BasisBank	GEL	7-Mar-23	7-Mar-24	Repo	0.2	2,398	244	NBG+2%
JSC Bank of Georgia	GEL	6-May-19	6-May-24	Fixed	0.3	644	6	NBG+3.5%
JSC Bank of Georgia	GEL	7-Dec-20	4-Dec-25	Fixed	1.9	2,798	27	NBG+3.5%
JSC Bank of Georgia	GEL	29-Apr-21	28-Apr-24	Credit Line	0.3	8,000	6	NBG+3.5%
JSC TBC Bank	GEL	31-Mar-21	31-Mar-26	Fixed	2.3	5,364	4	NBG+3.0%
JSC TBC Bank	GEL	13-Dec-22	7-Dec-24	Credit Line	0.9	5,000	91	NBG+3.5%
Gepha (sub-leanded EBRD loan)	USD	31-Jul-20	25-Oct-27	Fixed	3.8	5,912	83	7.25%
Gepha (sub-leanded DEG loan)	EUR	15-Jun-22	15-Jun-27	Fixed	3.4	13,329	171	3.80%
JSC Bank of Georgia	GEL	4-Dec-20	4-Dec-25	Fixed	1.9	1,866	28	NBG+3.5%
JSC Bank of Georgia	GEL	4-Dec-20	4-Dec-25	Fixed	1.9	709	4	NBG+4.0%
JSC Bank of Georgia	GEL	18-Jan-23	31-Jan-24	Credit Line	0.1	2,000	11	NBG+3.5%
JSC TBC Bank	GEL	27-Jul-23	27-Jul-24	Credit Line	0.5	1,000	11	NBG+3.5%
JSC Bank of Georgia	GEL	4-Dec-20	8-Dec-24	Credit Line	0.9	10,000	98	NBG+3.5%
JSC Bank of Georgia	GEL	24-Aug-23	24-Aug-24	Credit Line	0.6	5,800	30	NBG+2.8%
Total interest-bearing liabilities						325,724	4,314	

As of December 31, 2022, the breakdown of the company's debt obligations is as follows, with amounts presented in thousands of GEL:

Name of the lender	Currency	Issue Date	Maturity Date	Loan Type	Remaining term, years	Principal	Interest accrued	Interest rate
Proparco	USD	16-Sep-16	31-Jul-24	Fixed	1.6	22,490	336	6M US Libor + 3.0%
EBRD	GEL	20-Sep-18	20-Feb-24	Fixed	1.1	3,750	824	NBG+3.5%
EBRD	GEL	28-Oct-22	28-Oct-27	Fixed	4.8	27,578	-125	NBG+3%
TBC	GEL	14-Sep-21	17-Sep-26	Fixed	3.7	16,228	100	NBG+3.5%
TBC	GEL	30-Sep-22	28-Sep-23	Credit Line	0.7	5,000	0	NBG+3.5%
Liberty	GEL	29-Nov-21	29-Oct-25	Fixed	2.8	7,628	4	NBG+3.1%
Liberty	GEL	29-Oct-21	31-Dec-23	Credit Line	1.0	2,000	0	NBG+2.85%
JSC Bank of Georgia	GEL	29-Jun-22	29-Jun-23	Fixed	0.4	40,000	16	13.50%
JSC Bank of Georgia	GEL	24-Mar-22	24-Mar-23	Credit Line	0.2	17,665	0	NBG+3.5%
HB	GEL	30-Dec-22	31-Dec-24	Credit Line	2.0	5,000	2	NBG+3.5%
Gepha (sub-leanded EBRD loan)	USD	31-Jul-20	25-Apr-27	Fixed	4.3	8,106	71	6M US Libor + 2.5%
BONDS	GEL	6-Nov-19	6-Nov-24	Bonds	1.8	46,621	932	NBG+3.1%
BOG	GEL	6-May-19	6-May-24	Fixed	1.3	2,145	22	NBG+3.5%
BOG	GEL	7-Dec-20	4-Dec-25	Fixed	2.9	3,987	41	NBG+3.5%
TBC	GEL	31-Mar-21	31-Mar-26	Fixed	3.3	7,197	0	NBG+3.0%
BOG	GEL	29-Apr-21	28-Apr-23	Credit Line	0.3	8,000	6	NBG+3.5%
TBC	GEL	13-Dec-22	7-Dec-23	Credit Line	0.9	5,000	38	NBG+3.5%
BB	GEL	15-Dec-20	6-Nov-24	Repo	1.8	2,400	255	13.50%
Gepha (sub-leanded EBRD loan)	USD	31-Jul-20	25-Oct-27	Fixed	4.8	10,505	219	7.25%
Gepha (sub-leanded DEG loan)	EUR	15-Jun-22	15-Jun-27	Fixed	4.4	14,422	26	3.80%
BOG	GEL	4-Dec-20	4-Dec-25	Fixed	2.9	2,715	-924	NBG+3.5%
BOG	GEL	4-Dec-20	4-Dec-25	Fixed	2.9	916	973	NBG+4.0%
BOG	GEL	4-Dec-20	8-Dec-23	Credit Line	0.9	6,800	22	NBG+3.5%
Total interest-bearing liabilities						266,153	2,837	

As of June 30 2025, the Company's interest-bearing liabilities consist of GEL 317,724 in loans denominated in GEL, GEL 31,851 in loans denominated in USD, and GEL 15,424 in debt obligations denominated in EUR.

During the last financial year and the period from that date until the preparation of this prospectus, there have been no instances of missed interest and/or principal payments as stipulated by the loan agreements.

Following the bond issuance, due to the bullet structure of the security, the company's liquidity position will significantly improve since it will no longer need to make principal repayments on the loans.

Breakdown of the Company's assets into secured and unsecured categories based on the balance sheet values as of Dec 31, 2024:

Asset Description	Balance Sheet Value (GEL '000)	Encumbered Assets	Unencumbered Assets
Cash and cash equivalents	38,784	-	38,784
Receivables from healthcare services	89,891	-	89,891
Inventory	30,852	-	30,852
Prepayments	11,577	-	11,577
Property and equipment	508,213	408,596	99,617
Right of use assets	31,311	-	31,311
Goodwill and other intangible assets	92,764	-	92,764
Other Assets	26,204	-	26,204

As of December 31 2024, 49% of the Company's real estate and movable property was pledged as collateral. Additionally, a 9.8% stake in JSC Vian, the Issuer's subsidiary, was pledged to the bank.

It is important to note that some of the Company's assets were pledged prior to the demerger, and following the demerger, certain loans were transferred to Georgia Pharmacy Group. However, those loans remain secured by the Company's assets. Currently, the Company is in negotiations with financial institutions to release these assets from the pledge.

Following the bond issuance and the refinancing of bank loans, the Company will release a substantial portion of the pledged assets.

The bond collateral will include real estate and movable assets. According to Cushman's appraisal, the total value of the real estate amounts to \$170,046 thousands while the movable assets are valued at \$11,154 thousands. The property valuation report is dated July 30, 2025. At the time of the bond issuance, the VTL ratio (Value to Loan) will be 1.4, indicating the ratio between the loan amount and the value of the secured assets (both real estate and movable property).

Description of the Issuer's Additional Borrowing Needs:

Beyond the funds raised from the bond issuance, based on the information available to the company as of the prospectus date, the company does not plan to take on additional credit resources.

Overview of Financial Covenants

The loans of the company are subject to financial covenants, which apply to all loans with the specified institution. The main financial covenants and corresponding actual metrics over the years are presented below (also provided in the "Key Financial Ratios" subsection for general overview).

Significant Information on Financial Covenants for the Company's Loans with Banking and Financial Institutions are presented below.

The company is contractually obligated to maintain these covenants for the specified periods.

The covenants for the loan agreement with TBC Bank JSC for the relevant periods is provided in the following table:

Numerator	Denominator	Limit	Actual 2024	Actual 2023	Compliance 2024	Compliance 2023
Ebitda-capex	Long-term debt PMT	1.2	1.7	1.4	Yes	Yes
FCF	Long-term debt PMT	1.1	2.3	1.2	Yes	Yes
Net debt	Ebitda	3	4.1	4.7	No	No
EBIT	Net interest expense	2.5	0.9	1.0	No	No

As indicated in the table above, the company has breached several covenants, for which it has obtained a waiver from the bank.

Information on the components of the covenants is provided below:

Key financial Terms of the covenants	Financial Term	Description
1	Gross debt	Interest bearing borrowings+lease liabilities+debt securities issued
2	Total equity Ebitda-capex	Total equity-goodwil Ebitda-capex(maintenance)-income tax expense+impairment of healthcare service, insurance premiums and other receivables+esop
3	FCF	Ebitda-capex(maintenance)-income tax expense+impairment of healthcare service, insurance premiums and other receivables+esop-nwc change
4	Net debt	Borrowings+lease liabilities+debt securities issued-cash and cash equivalents
	Ebitda	Ebitda+esop+impairment of healthcare service, insurance premiums and other receivables
5	EBIT	Ebitda+esop+impairment of healthcare service, insurance premiums and other receivables+depreciation and amortisation

The covenants for the loan agreement with EBRD for the relevant periods is provided in the following table:

Financial Ratio	Numerator	Denominator	Limit	Actual 2024	Actual 2023	Compliance 2024	Compliance 2023
Net Financial Debt to EBITDA Ratio	Net Financial Debt	EBITDA	3.0	4.0	4.5	No	No
Debt Service Coverage Ratio	Cash Available for Debt Service	Sum of the principal repayments	1.3	1.4	1.1	Yes	No
Liabilities to Tangible Net Worth Ratio	Liabilities	Tangible Net Worth	2.0	2.8	2.4	No	No

Information on the components of the covenants is provided below:

Financial Ratios	Description
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Net Financial Debt to EBITDA Ratio	The Borrower shall, at all times, maintain a ratio of (i) Net Financial Debt to (ii) EBITDA for the 12 months preceding the date of calculation, of not more than 3.0 to 1.0. until and <u>including 30 June 2019</u> and of not more than 2.5 to 1.0 at <u>all times thereafter</u> .
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Debt Service Coverage Ratio	The Borrower shall, at all times, commencing from 31 December 2018, maintain a ratio of (i) Cash Available for Debt Service for the 12 months preceding the date of calculation to (ii) the sum of the principal repayments (excluding any amounts falling due under any overdraft or revolving facility that were available for simultaneous redrawing according to the terms of such facility) and interest payments on all Financial Debt due or accrued during such period, of not less than 1.3 to 1.0.
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Liabilities to Tangible Net Worth Ratio	The Borrower shall, at all times, maintain a ratio of (i) Liabilities, to (ii) Tangible Net Worth, of not more than 2.0 to 1.0.
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Definitions

"Cash Available for Debt Service"	means, for the Borrower, Cash Flows arising from Operating Activities for the 12 months preceding the date of calculation excluding Exceptional Gains and including Exceptional Losses for such period plus (i) interest paid (if classified as net cash from Operating Activities) during such period minus (ii) those Cash Flows for such period which are applied during that period to acquire long term assets which are not funded by long-term debt;
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"Cash Flows"	means, for the Borrower, inflows and outflows of Cash and Cash Equivalents, where "Cash" means cash on hand and demand deposits and "Cash Equivalents" means short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to an insignificant risk of changes in value.
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"EBITDA"	shall be calculated based on the Financial Statements of the Borrower prepared in accordance with IFRS as gross profit plus operating income less operating expenses and impairment of receivables, adding back costs for impairment of assets (and taking no account of the reversal of any previous impairment charge made in calculation period) and add back other non-cash items (e.g. share based compensation expenses);
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"Tangible Net Worth"	means equity attributable to shareholders minus intangible assets.
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"Exceptional Gains"	mean any exceptional, one-off, extraordinary or non-recurring gains.
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"Exceptional Losses"	mean any exceptional, one-off, extraordinary or non-recurring losses.
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"Liabilities"	means present obligations of the Borrower arising from past events, the settlement of which is expected to result in an outflow from the Borrower of resources embodying economic benefits.
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"Net Financial Debt"	means the Financial Debt minus cash on balance.
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"Financial Debt"	means, with respect to any person, any Debt of such person for or in respect of:
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- a. moneys borrowed;

- b. any amount raised by acceptance under any acceptance credit facility;
- c. any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- d. the amount of any liability in respect of any lease or hire purchase contract which would in accordance with IFRS, be treated as a finance or capital lease, with the exception of any liability of the Borrower under leases of real estate;
- e. receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- f. any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a financial liability, as it is defined in IFRS;
- g. any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- h. any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- i. the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"Borrower"	JSC "EVEX HOSPITALS", a joint stock company organised and existing under the laws of Georgia (the "Borrower"); JSC "MEGA LAB", a joint stock company organised and existing under the laws of Georgia (the "Co-Borrower") (together referred to as the "Borrowers")
"Debt"	means, with respect to any person, all obligations of such person, whether incurred as principal or surety and whether present, future, actual or contingent, for the payment or repayment of money, including: <ul style="list-style-type: none"> a. any amounts payable by such person under leases or similar arrangements over their respective periods; b. any credit to such person from a supplier of goods or under any instalment purchase or other similar arrangement; and c. any liabilities and obligations of third parties to the extent that they are guaranteed by such person or such person has otherwise assumed or become liable for the payment of such liabilities or obligations or to the extent that they are secured by any Lien upon property owned by such person whether or not such person has assumed or become liable for the payment of such liabilities or obligations.

The company has standard non-financial covenants in place, and there has been no breach of these non-financial covenants.

The Group has obtained waivers for all past breaches.

The covenants defined in the loan agreement with JSC Basis Bank, concluded in 2024, are presented in the following table according to the respective periods:

Numerator	Denominator	Limit	Actual 2024	Compliance 2024
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Current Assets	Current Liabilities	1.1	1.2	Yes
Free Cash Flow	Long-term Debt Repayments	1.3	1.7	Yes
Net Debt	EBITDA	3.0	2.9	Yes
Equity	Total Assets	0.3	0.6	Yes

EBITDA — EBITDA presented in the financial statements, adjusted for impairment of current and non-current assets and management compensation expenses paid in the form of shares.

Free Cash Flow - EBITDA for the relevant period adjusted by: any increase in provisions, unrealized foreign exchange losses, any amounts received from tax benefits or credits, any decrease in inventories, any decrease in trade receivables, and any increase in trade payables. Excluded are: any use or release of provisions, any unrealized foreign exchange gains, actual taxes paid or payable, capital expenditures for repairs, amortization of any leased assets of the group (all companies consolidated in the audited report), any increase in inventories, any increase in trade receivables, any decrease in trade payables, any dividends or other capital distributions, or repayments or payments on shareholder loans planned or made during the relevant period.

Equity - the sum of the following components in the denominator: (a) any amount of retained earnings; (b) net profit or loss; (c) paid-in share capital; (d) reserves in credit (including revaluation reserves of assets — these are reserves created from the revaluation of fixed assets as determined by an independent and certified appraisal conducted according to local and international accounting standards and audited by certified auditors — including any share premium account, capital redemption reserve funds, and any credit balances in the accumulated profit and loss account); (e) shareholder loans, provided that such shareholder loans are unsecured and subordinated on terms satisfactory to the creditor, excluding: (f) any debit balances in the accumulated profit and loss account or impairment of issued share capital (except where a write-off has already been made in respect of such debit balances or impairment); (g) amounts set aside for dividends but not yet deducted from equity; (h) deferred tax asset amounts; (i) amounts attributable to capitalized items such as goodwill, trademarks, deferred taxes, licenses, patents, and other intangible assets.

Total Assets - means the aggregate of the following components: (a) fixed assets, plus (b) intangible assets, plus (c) investments, plus (d) current assets.

Current Assets - means the aggregate of the following components: cash and cash equivalents; marketable securities; trade and other receivables from customers that are realizable within one year; inventories; and prepaid expenses that will be expensed within one year. Additionally, amounts related to expenditures on fixed assets that are temporarily included in current assets are excluded.

Current liabilities - means, at any point in time, the aggregate of all liabilities of the client, including dividends payable by any member of the group (all companies whose financial data are consolidated in the audited report) within one (1) year, and any long-term financial debt of the client maturing within one (1) year, excluding liabilities related to fixed assets and equipment to the extent that such assets are excluded from the calculation of current assets.

Covenant Reporting

Covenant reporting to commercial banks is conducted monthly, while reporting to the EBRD is done quarterly.

Calculation of covenants by commercial banks is based on consolidated management reports, while for the EBRD it is based on quarterly consolidated management reports and audited full figures once a year.

The Group is required to comply with covenants on loans from commercial banks at any given date, whereas compliance with covenants for the EBRD is required quarterly.

Bond Covenant

This bond prospectus includes certain financial covenants. The company is restricted from taking on additional obligations or making “Restricted Payments”, unless the Consolidated Net Leverage Ratio for the Issuer's most recently ended 4 (four) full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such additional Indebtedness is incurred is less or equal to 3.0.

For detailed information on covenants related to the bonds, please refer to the "Terms and Conditions of the Bonds."

Regulatory Overview

Healthcare Sector

The regulatory framework of Georgia's healthcare system is based on the country's Constitution, international treaties and agreements, as well as relevant laws and subordinate normative acts. This legal foundation defines legal relations in the healthcare sector between state authorities and both individuals and legal entities, ensuring compliance with environmental protection and natural resource utilization principles and standards.

The healthcare sector is regulated through several legislative acts and regulatory bodies, which are responsible for ensuring the quality, accessibility, and efficiency of healthcare services.

Key Healthcare System Participants¹⁷

Participant	Role in the System
Ministry of Internally Displaced Persons from the Occupied Territories, Health, Labor and Social Affairs of Georgia	It is the main body responsible for overseeing Georgia's healthcare system and is tasked with developing, overseeing, and implementing healthcare programs and policies. This ministry is also responsible for issuing licenses and permits within the healthcare sector
National Center for Disease Control (NCDC)	<p>NCDC is responsible for immunization, surveillance, disease prevention, public health policy development, and laboratory systems for healthcare and veterinary services. It monitors and controls communicable and non-communicable diseases, conducts epidemiological investigations, and provides early warnings for outbreaks.</p> <p>The NCDC manages vaccination programs, develops health strategies, supports research, and advises the government on policy. It also operates public health labs for disease diagnosis, outbreak investigations, and monitors environmental and food safety. In emergencies, the NCDC leads pandemic and epidemic responses, including COVID-19, and collaborates with global organizations like the WHO and CDC to align Georgia's healthcare policies with international standards.</p>
National Health Agency (NHA)	<p>NHA of Georgia is responsible for implementing state healthcare programs aimed at protecting public health. Established in 2020, the agency is responsible for executing government policies in the healthcare sector, ensuring that state-funded programs are effectively carried out within the legal framework. By continuously monitoring and improving healthcare services, the NHA strives to enhance accessibility, quality, and efficiency in the healthcare system.</p> <p>One of the key objectives of the NHA is to develop and refine healthcare services to better address the needs of beneficiaries. The</p>

¹⁷ For regulatory overview purposes, insurance companies and clinics are not included as system participants.

agency ensures the efficient and transparent allocation of budgetary resources, helping to maintain and improve existing healthcare achievements. Additionally, the NHA focuses on monitoring service delivery, and ensuring the quality of medical care provided under state healthcare programs.

Regulation Agency for Medical and Pharmaceutical Activities (**Regulation Agency**)

The Regulation Agency grants operating licenses to entities and is responsible for the certification of healthcare specialists. It also investigates patient complaints regarding the quality of healthcare products and services.

Regulatory Agency is also responsible for overseeing the implementation of healthcare programs, ensuring compliance with the conditions set by the program. It monitors and audits healthcare providers to verify that they fulfill their obligations when delivering medical services.

Social Service Agency

The Social Service Agency administers social programs and state benefits.

The primary goal of the Social Service Agency is to support the most socially vulnerable segments of the population, improve the quality of services provided to citizens, enhance service delivery, and transition to more flexible, simple, fast, and easily accessible mechanisms for the public.

Development of Regulatory Environment

- *Early to Mid-1990s: Post-Soviet Transition and Initial Challenges*

In the immediate aftermath of independence, Georgia inherited a healthcare system characterized by overcapacity and inefficiency - a legacy of the Soviet era. The system was marked by excessive hospital bed capacity and a disproportionately high number of physicians, yet it suffered from resource intensiveness and rigidity, making it unsustainable in a market-based economy.

Recognizing the need for systemic change, Georgia launched its healthcare reform package in 1995. This initiative aimed to decentralize healthcare services, introduce program-based financing, and establish a social health insurance system funded through mandatory payroll taxes. The reforms sought to shift away from the Soviet Semashko model, which provided completely state-funded services, towards a system that emphasized quality of care, improved access, efficiency, and a strengthened focus on primary health care.

- *Late 1990s to early 2000s: Decentralization*

The late 1990s saw the development of the National Health Policy in 1999, aiming to further decentralize healthcare services and promote private sector involvement. In 1999, the Ministry of Health and the Ministry of Social Affairs merged to form the Ministry of Labor, Health, and Social Affairs (MoLHSA), consolidating efforts to streamline health and social policies. Despite these initiatives, the healthcare system continued to face challenges, including underfunding and limited access to quality services.

Radical reforms began after 2003, when the government took steps towards supporting the development of the private healthcare sector. The administrative burden on businesses (for example, licensing requirements) was significantly reduced, which led to a major increase in private investment in healthcare.

- *2007 Onwards: Increased privatization and infrastructure reform*

In 2007, the Hospital Development Master Plan (or 100 Hospitals Plan) was introduced. It envisioned a complete renovation of hospital infrastructure within a three-year period by privatizing most healthcare facilities. Private investors committed to invest approximately U.S.\$1 billion over the next seven years and to equip 100 new hospitals with 7,800 beds. This period saw the significant privatization of healthcare facilities, with almost all hospitals and clinics sold to private entities, except for a few specialized institutions. Financing

was deregulated, and private insurance companies began offering coverage, shifting the burden of healthcare costs increasingly onto individuals.

The privatization plan was redesigned in 2010. The country was divided into 26 healthcare districts and private insurance companies were invited to bid for the opportunity to provide plans to the eligible population for a period of three years in each of the districts. Under those contract terms, the state purchased private insurance for socially vulnerable groups, pensioners, children under six, students and teachers (in total, 2.1 million people in 2012) while private insurance companies committed to build or renovate the healthcare facilities in their respective regions. By the end of 2013, over 150 new hospitals had been built with substantial participation from private investors and international donors, and 60% of regional medical centers were privately owned (according to the Georgian Ministry of Labor, Health and Social Affairs). The government mainly retained specialized healthcare facilities, such as tuberculosis clinics and healthcare facilities within psychiatric and penal institutions.

- *2007 Onwards: Introduction of State insurance programme (SIP)*

The Georgian government implemented the first state insurance programme (SIP) in 2007, providing medical insurance coverage with no co-payment to approximately 800,000 “economically vulnerable” citizens of Georgia and teachers. Later in 2012, a second SIP was introduced, extending coverage (this time with co-payment elements) to pensioners, children under five and children with disabilities, and students, covering a total of approximately 2.1 million people by September 2012. The government paid premiums on behalf of beneficiaries to the private insurance companies that administered the SIPs, and oversaw the programme, with private insurance companies bearing insurance risk and purchasing services from healthcare service providers. Both of the SIPs were subsequently merged into the UHC.

- *2013 Onwards: Introduction of Universal Healthcare (UHC) and other Programmes*

In March 2013, the UHC was introduced to address high private healthcare costs in Georgia. The UHC also supplemented and eventually replaced the existing two SIPs, making state-sponsored health coverage available on a significantly larger scale. The UHC is a government-funded healthcare programme that provides basic healthcare coverage to the entire population, including more than 2 million people who had never held medical insurance and purchased healthcare services only on an out-of-pocket basis. Unlike the preceding SIPs, the UHC is not an insurance product but an undertaking by the government to reimburse healthcare providers directly for the delivery of treatment to patients. The programme is subject to certain limits and service and coverage exclusions, beyond which patients have to fund treatment on an out-of-pocket basis or rely on private medical insurance coverage. Since its introduction, the UHC has undergone regular updates, with revisions nearly every year.

This program has several key components:

- **Planned outpatient care (primary healthcare services):** Beneficiaries can register with any medical provider, which can be changed once every two months;
- **Emergency outpatient and inpatient care:** There are no restrictions on choosing a medical provider in these cases;
- **Planned surgical operations:** specifically Oncological and cardiac surgeries and other surgical procedures.
- **Oncology services:** Non-surgical treatment of oncological diseases;
- **Childbirth services:** Physiological childbirth (500 GEL), Cesarean section (limit of 800 GEL);
- **Inpatient care for high-risk pregnancies, childbirth, and postpartum cases:** Inpatient care, Childbirth/Cesarean section, Sepsis treatment;
- **Management of infectious diseases etc;**

Other than the UHC program, the state is also financing other programs, including:

- **Immunization Program:** Georgia’s state-funded immunization program protects against vaccine-preventable diseases, including Hepatitis B, tetanus, pneumococcal infection, HPV, measles-rubella, and influenza. Vaccines are provided free of charge to citizens, residents, and at-risk groups, following cold chain protocols to ensure quality.
- **Epidemiological Surveillance Program:** This program ensures early detection and control of communicable and non-communicable diseases through a nationwide surveillance system. It covers disease monitoring, data collection, immunization tracking, and outbreak response. Special efforts focus on vector-borne disease control (malaria, leishmaniasis), hospital infection monitoring, and environmental health risks.
- **Safe Blood Program:** This initiative aims to ensure safe blood transfusions and promote voluntary blood donation in Georgia. Blood banks screen for HIV, Hepatitis B/C, and syphilis and undergo external quality control. National campaigns encourage regular, unpaid blood donations.

- Occupational and Environmental Health Program: The program prevents work-related diseases and promotes safe workplaces. It assesses occupational risks, monitors workers' health, and provides employer-employee training on disease prevention. The environmental component supports hazardous waste management, chemical and radiation risk monitoring, and lead exposure prevention.
- Tuberculosis Management Program: This state-funded program reduces TB incidence and transmission by providing free diagnostic, treatment, and monitoring services. It supports directly observed therapy (DOT), drug-resistant TB treatment, and contact tracing. Special provisions exist for prison inmates and individuals in migration centers.

- *2022: Introduction of DRG System*

As of **November 1, 2022**, Georgia has implemented the Diagnosis-Related Groups (DRG) funding model. This model determines hospitalization and treatment costs within the Universal Healthcare Program and sets medical service expenses based on diagnoses and procedures performed. The transition to DRGs began in 2023 for certain hospital services, aiming to gradually replace fee-for-service reimbursement under the Universal Healthcare Program.

The DRG system allows for the classification of hospital cases with similar characteristics, both clinically and economically. Costs are reimbursed based on specific procedures or diagnoses rather than the number of days a patient spends in the hospital.

The Diagnosis-Related Groups (DRG) system enables the assessment of resources used for patient treatment in hospitals by grouping diagnoses and procedures. It also helps in the systematic collection of essential data, ensuring the accuracy of financial and clinical decision-making. According to the Ministry of Health, the DRG system automatically calculates a fair price that the state will pay for high-quality treatment of its citizens.

DRG payments are designed to bring more cost predictability to hospital services by classifying treatments into fixed-price groups. The system is expected to expand gradually to cover a wider range of medical services, requiring ongoing adjustments based on real-world cost data.

Specifically, the same medical service will have a single tariff across all clinics. Patients will only pay the co-payment amount specified within the Universal Healthcare Program, which ranges from 0% to 30% depending on the package. Clinics participating in the program will not be allowed to charge patients any additional fees beyond this co-payment.

The DRG model classifies 467 main hospital treatment groups, with an additional category for ungrouped conditions. The three main pillars of DRG's complex architecture are:

- Diagnosis
- Procedures/Interventions
- Other factors (such as age, gender, discharge status, and additional weighted variables)

The DRG model has been widely adopted in many countries. Georgia's DRG system is based on the Lithuanian model, which uses the Nord DRG classification system for case grouping and reimbursement.

- *2023: New Spatial Regulations*

In 2023, Georgia introduced new regulations specifying spatial requirements for hospitals providing reanimatory services to enhance patient care and safety. The resolution mandates that each bed must have a designated minimum area within the reanimation room, ensuring adequate space for medical procedures. Additionally, specific minimum distances are required between beds and between beds and walls to facilitate accessibility and emergency response. Furthermore, hospital layouts must allow for 360-degree access around each bed, enabling healthcare professionals to provide efficient and unobstructed treatment.

- *2024: Change in DRG System*

In 4Q 2024, the government introduced significant changes to the DRG system by adding a co-payment component to the Universal Healthcare Program (UHC). Previously, patients could not choose a different doctor or access services beyond the funding limits set by the DRG system. However, starting in 2025, patients will have the option to pay out-of-pocket for additional services that fall outside the established pricing framework. These include VIP wards, premium-quality prosthetics, and specific doctors, all available at an extra cost.

These changes are expected to bring several benefits. Clinics will gain more flexibility in pricing certain services, alleviating financial constraints and improving overall profitability. The ability to choose doctors and upgraded services enhances the patient experience, leading to higher satisfaction.

- *2025: New Accreditation Requirements for Medical Institutions*

Starting January 1, 2025, Georgia requires medical institutions under the Universal Healthcare Program to obtain international accreditation to enhance service quality.

- Inpatient hospitals must be accredited by May 1, 2025.
- Outpatient clinics, day hospitals, and laboratories must comply by December 31, 2025.
- Medical laboratories must obtain ISO 15189 certification, unless already internationally accredited.

Institutions must notify the Ministry within 30 days of starting accreditation. Extensions may be granted for public interest, but non-compliance will lead to exclusion from state funding.

This reform aims to ensure higher healthcare standards and equal access for all citizens.

Relevant Regulations

Healthcare sector regulations are primarily based on the Law of Georgia on Healthcare, the Law of Georgia on Patients' Rights, the Law of Georgia on Licenses and Permits, and other related legislation. The main regulations, categorized by topic, are presented below:

- Licensing of Healthcare Facilities

The Law of Georgia on Licences and Permits and other regulations set out procedures for obtaining and maintaining licenses and permits to operate healthcare facilities. A licence is required for certain medical activities such as emergency medical services, forensic medical examinations, forensic psychiatric examinations, pathoanatomical services, activities on especially dangerous pathogens and industrial transfusiology. The licences are issued to and are only valid for the named licensees and cannot be transferred to another legal entity or person.

A permit must be obtained to operate a hospital. No permit is required to operate an ambulatory clinic, "high risk" medical activity/service such as outpatient clinic conditions (such as dental services, surgery, gynaecology, ER, venereology, medical radiology, dialysis, infectious disease related services and endoscopy), however, such activities are regulated by the technical regulation of medical activity and are subject to mandatory notification whereby the operator must notify the Medical Regulation Agency. The permit is issued for a particular facility and remains valid notwithstanding a change in the owner or operator of that facility.

Healthcare facilities are subject to both, periodic and random inspections by the Medical Regulation Agency to ensure their continued compliance with the terms of the relevant license or permit.

- Certification of Healthcare Practitioners

Individuals can practice independent medical activities if they have graduated from a higher medical education institution and obtained a state certificate confirming their right to practice medicine. Nurses are required to hold a nursing or medical diploma. Physicians may be certified in one major and/or in one or more sub-specialties,

If a certified doctor violates established medical practices, their certification may be revoked or temporarily suspended as a form of disciplinary action. The Professional Development Council under the Ministry of Health is authorized to issue and revoke medical certifications.

Certified physicians who violate established practices may have their certifications revoked or suspended as a liability. The Professional Development Council under the Ministry of Health (MOH) is empowered to grant and revoke medical certificates.

- Confidentiality

Under the Law on the Protection of Personal Data, personal data includes any information sufficient to identify an individual, such as their name, address, or phone number. Health-related data is classified as highly sensitive and is subject to stricter regulations and confidentiality requirements.

Unless otherwise specified by law, personal data must remain confidential and cannot be processed without the consent of the individual concerned.

Furthermore, the Law of Georgia on Healthcare defines medical confidentiality as any information obtained by physician or medical personnel during professional activities concerning a patient's physical or mental health, social or work-related activities, family, or personal life. This includes the fact that a patient has sought medical assistance, as well as the circumstances of their death. Medical confidentiality must be maintained even after a patient's death and may only be disclosed under limited circumstances specified by law.

- Environmental Considerations

The healthcare sector is subject to laws, regulations, and other legislative requirements related to environmental protection, particularly those concerning the management and disposal of hazardous substances and medical waste.

The main objectives of the National Healthcare Strategy of Georgia 2022–2030 The Ministry has approved the National Healthcare Strategy for 2022–2030, outlining key priorities for strengthening the healthcare system in Georgia. The strategy focuses on improving healthcare governance, financial sustainability, service quality, and public health preparedness. It aims to ensure that all citizens have access to high-quality, affordable healthcare while being financially protected from health risks.

▪ *Strengthening Healthcare Governance*

The strategy emphasizes evidence-based policymaking, improved strategic planning, and enhanced oversight mechanisms. It also seeks to increase transparency and accountability within the sector while fostering collaboration between public and private institutions to ensure efficient healthcare delivery.

▪ *Enhancing Healthcare Financing*

The strategy focuses on optimizing funding mechanisms for both primary and specialized care, ensuring that resources are used effectively. Additionally, it aims to align healthcare services with the population's needs while strengthening financial protection to reduce out-of-pocket expenses.

▪ *Developing Human Resources in Healthcare*

The strategy aims to improve workforce planning based on healthcare needs, support professional development and training, and enhance the role and recognition of nurses. By investing in human resources, the strategy seeks to improve healthcare service quality and accessibility.

▪ *Ensuring Access to Safe and Effective Medicines*

The strategy focuses on improving pharmaceutical safety standards, enhancing drug pricing and availability, and strengthening regulations for rational drug use. These measures aim to ensure that all patients receive effective and safe treatments at fair prices.

▪ *Advancing Health Information Systems*

The strategy prioritizes the expansion of electronic health (e-Health) services, the integration of telemedicine, and the improvement of digital health management systems. Strengthening data exchange mechanisms will enhance service coordination and patient care.

▪ *Improving Healthcare Service Quality*

The strategy includes measures to strengthen emergency medical services, enhance maternal and reproductive healthcare, and reduce disease burdens. Special attention is given to improving primary healthcare services and addressing climate-related health risks.

▪ *Strengthening Public Health and Crisis Response*

The strategy aims to enhance epidemic surveillance, improve laboratory capabilities, and strengthen public health risk communication. By investing in crisis response mechanisms, Georgia's healthcare system will be better equipped to handle future health threats.

Requirements with regards to a reporting company

After the issuance of the Bonds, the Company will become a reporting company and will be obligated to comply with regulations for issuers of public securities, including the requirements listed below.

Reporting and Disclosure

According to the Law of Georgia on the Securities Market (the “Securities Law”), a company that has placed bonds through a public offering and/or whose bonds are admitted to trading on a stock exchange is an issuer of public securities and thus a reporting company. The National Bank of Georgia imposes a number of requirements on the reporting company, including the obligation to maintain and submit the periodic reports and statements.

Taking into account the above, the reporting company is obliged to prepare, submit to the National Bank of Georgia and publish the annual report and semi-annual report:

The annual report must include (i) audited financial statements, (ii) management reports, and (iii) a statement by the responsible persons of the reporting company (with full and clear indication of their identities and responsibilities/authorities) in accordance with the requirements of the Securities Law, Order №181/04 of the President of the National Bank of Georgia and the Law of Georgia on Accounting, Reporting, and Auditing.

The semi-annual report must include (i) semi-annual financial statements, (ii) interim management reports, and (iii) a statement by the responsible persons of the reporting company (with full and clear identification of their identities and responsibilities/authorities) in accordance with the requirements of the Securities Law, Order №181/04 of the President of the National Bank of Georgia and the Law of Georgia on Accounting, Reporting, and Auditing.

For the avoidance of any ambiguity, the publication of these reports means publishing the reports on the website (www.reportal.ge) provided for by the Law of Georgia “On Accounting, Reporting, and Auditing”. Further, such information may also be published on the websites of the Issuer, the stock exchange, the National Bank of Georgia, the LEPL - Legislative Herald of Georgia, or other means that ensure the availability of information to investors.

In addition, the reporting entity is required to disclose, including:

1. Any changes in relation to the rights of a bondholder of a publicly traded bonds, including changes in the terms of bonds, which may indirectly affect the rights of a bondholder or which result from changes in credit terms and interest rates;
2. Information regarding the bonds coupon rate, periodic payments, conversion/exchange, redemption or cancellation option, or maturity.

In addition, the reporting company is obliged to ensure the creation of all conditions and the availability of information necessary for the proper exercise of the rights of holders of public securities, as well as to ensure the integrity and consistency of the data provided to them.

In addition, the National Bank of Georgia is entitled at any time to request additional information about the reporting company of public securities regarding a report to be submitted and published.

Order №172/04 of the President of the National Bank of Georgia approved the Corporate Governance Code for issuers of public securities. According to this code, the information defined by this code and paragraph 7 of Article 7 of the Law of Georgia “On Accounting, Reporting, and Auditing” should be presented in the management report of the annual report of the company prepared in accordance with subparagraph “b” of paragraph 3 of Article 11 of the Securities Law and paragraphs 4 and 5 of Article 3 of the “Rule on Transparency of Information about the Issuer and Appointment of a Securities Registrar for the Issuer” approved by Order №181/04 of the President of the National Bank of Georgia dated October 7, 2020.

Issues related to insider trading, unlawful disclosure of insider information, and market manipulation

According to the Order №180/04 of the President of the National Bank of Georgia, the issuer of public securities is subject to certain obligations and restrictions regarding insider trading, unlawful disclosure of insider information, and market manipulation. In addition, this Order imposes (i) the requirements for the disclosure of insider information by the reporting company and the obligation to keep records of persons in possession of insider information, and (ii) the obligation to provide information to the reporting company and the National Bank of Georgia concerning transactions of persons performing management functions of the reporting company.

This Order additionally regulates the deadlines, forms, and procedure for providing information related to insider trading and market manipulation to the National Bank of Georgia and establishes a list of actions that do not constitute insider trading, unlawful disclosure of insider information, and/or market manipulation.

Antitrust rules

All companies operating in Georgia are supervised by the Competition and Consumer Protection Agency (formerly, National Competition Agency) established in April 2014 based on the Law of Georgia on Competition (the “Competition Law”). The Competition Law describes and defines activities that are incompatible with fair competition in the relevant market. The purpose of the law is to ensure fair competition in the relevant market, except for specially regulated sectors (the law does not apply to sectors that have their regulator, such as commercial banks). The definition of competition according to competition law is: “rivalry between actual or potential economic entities in the market to gain advantage in the market”. In this regard, the Law on Competition identifies several types of actions that are considered incompatible with free competition, namely: a) abuse of dominant position; b) an agreement to restrict competition, a decision to restrict competition, concerted actions; c) competitive restrictive concentration (merger or other association leading to restriction of competition); d) unfair competition; e) state aid that distorts or threatens to distort competition.

In general, the Competition Law is developed based on the principles of fair competition defined by EU law. In addition, the Association Agreement contains a special part (Chapter 10), which is entirely devoted to competition issues. Accordingly, the approach of the Georgian legislator to the Law on Competition corresponds to the European approach.

The Competition Agency monitors economic undertakings’ compliance with Georgian antitrust laws and has various rights to respond to violations, including the imposition of fines. The maximum amount of the fine collected cannot exceed 5% of the annual turnover of the respective company, which can increase to 10% in case of repeated violations. The relevant economic entity has the right to appeal against the decision of the competition authority in court.

Employment

As an employer, the Company is required to comply with the minimum standards required by local labor laws regarding the employing, firing, and hiring of employees. The main labor issues in the territory of Georgia are regulated by the Labor Code of Georgia. The current Labor Code was adopted on 17 December 2010. However, it underwent significant reform in June 2012 through a package of amendments passed by the Parliament. These amendments shifted the balance of rights more in favour of employees, introducing a range of protections, particularly in relation to termination of employment by employers. For example, an employer can terminate an employment contract based on the specific legitimate grounds listed in the law and in compliance with the procedure set out in the Labour Code. In addition, any fixed-term employment relationship that lasts more than 30 months is considered a perpetual contract and therefore cannot expire (it can only be terminated). Employers are required to pay overtime. Any time exceeding 40 hours per week (in some cases 48 hours per week is allowed) is considered overtime.

While it is considered a good practice and it common among leading employers to provide health insurance coverage and maternity leave compensation, the Labor Code does not mandate employers to provide their employees with any insurance package or any other social benefits, nor does it oblige them to provide employees with compensation for maternity leave. Instead, the employees are entitled to a one-time payment from the state for maternity leave and have access to the universal state insurance, which offers consumers a limited package.

According to the September 2020 amendment, the Labor Code re-regulates issues related to the prohibition of discrimination in workplace and labor relations. Conditions awarded in favour of employees have increased even more, including, but not limited to, the obligation to pay equal pay for equal work performed by men and women, the prohibition of discrimination, the definition and regulation of the concept of internship, the obligation to conduct preliminary and periodic medical examinations of persons employed at night, and others.

In parallel with the amendments to the Labor Code, a new law on labor inspection was adopted, according to which, from 01 January 2021, the LEPL Labour Inspection Service was created and put into effect. Unlike its predecessors, the Department of Labor Inspection of the Ministry of Labour, Health and Social Disputes, the Department of Labor Inspection of IDPs from the occupied territories of Georgia, the rights of the Labour Inspection Service are much broader and include the right to full control of both labor protection and labor rights with its enforcement mechanisms and the right to impose sanctions.

Labour Safety

In February 2019, the Law On Labour Safety was adopted, which regulates the rights, obligations, and responsibilities of state bodies, employers, employees, representatives of employees, and other persons in the workplace, related to creating a safe and healthy work environment. According to the Law On Labour Safety, each enterprise is required to have a labour safety specialist. An employer with 20 or fewer employees may personally perform the professional duties of a labour safety specialist, provided that they have completed the accredited program provided for in paragraph 6 of the relevant article. If an employer has 20 to 100 employees, they are required to have at least 1 labour safety specialist, and in case of having 100 or more employees, the employer is obliged to create a labour safety service with at least 2 labour safety specialists. The Company, as well as its subsidiaries, are obliged to comply with the mentioned legislative requirements depending on the number of employees.

Liquidation Rules

The updated Law “On Entrepreneurs” outlines the process for termination of the existence of an entrepreneurial company, which consists of the following stages:

Winding up of the company

The basis for the winding up of the company may be the decision of the shareholder; violation of the requirements established by law regarding the mandatory number of the shareholder/partners (applicable only for a general partnership, a limited partnership and cooperatives); the entry into force of a court verdict in a criminal case on the liquidation of a legal entity; decision made by the court based on the application/claim of the shareholder; other grounds provided by law.

The new procedure is winding up of an entrepreneurial company by a court decision based on a shareholder’s application/claim. To do this, it is necessary to have significant grounds, which must be assessed in each specific case. A significant ground is considered if one of the shareholders intentionally or due to gross negligence has violated a significant obligation imposed on him by law or the charter, or if the shareholder can no longer fulfil the obligation and it becomes impossible to achieve the objective of the company.

At the same time, the interest of other shareholders in the continued existence of the company shall be taken into account. A company which is wound up based on the decision of the shareholders may continue to exist if the general meeting decides on this by a majority of 3/4 of the votes of the shareholders with a decisive vote and the property of the company has not been distributed among the shareholders.

Liquidation of the company

After the winding up of the company, the liquidation process begins which shall be jointly administered by the directors of the company, who shall be appointed as liquidators, unless the charter or a decision of the general meeting provides for the appointment of other persons as liquidators. In the process of liquidation, the company retains the status of a legal entity but must add the postscript “in the process of liquidation” to its company name.

The law requires liquidators to publish a statement on the unified electronic portal of the registration authority or their website and immediately notify creditors of the liquidation of the business community and invite them to satisfy their demands. The company in the process of liquidation distributes its property among the shareholders in proportion to their shares only after five months from covering the liabilities of the company and publishing an announcement on the winding-up of the company. This period may differ, depending on the grounds on which the company is dissolved.

Cancellation of Registration

After the complete distribution of the property of the company, the liquidation process is completed. Liquidators must apply to the registering authority with an application for the registration for liquidation, upon which the registering authority will cancel the registration of the business company.

The new law provides for the case when, after the cancellation of the registration of the company, it turns out that the company has some property left or it is necessary to carry out additional liquidation actions, in this case, the court appoints the same or a new liquidator to finally complete this process.

The insolvency process has also been newly regulated.

Deregulated legal entities, including the Company, are subject to the procedures provided for by the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors (except for commercial banks, non-bank depository institutions, insurance companies, and other entities provided for by the legislation of Georgia, for which a special regulatory regime is established and whose insolvency procedure is regulated by the relevant regulatory body).

Under Georgian law, a company is deemed insolvent if it is unable to meet its obligations as they fall due. Insolvency is presumed — unless the contrary is proven — if certain statutory criteria are met. These include, in particular, (i) the balance sheet test, where the company's total liabilities (including future and contingent obligations) exceed the total value of its assets (unless there is a high likelihood that the company will continue operating and remedy the imbalance), and (ii) the cash flow test, where the company is unlikely to pay its maturing obligations within 30 days because its overdue liabilities exceed its liquid assets by at least 20%. Insolvency proceedings may be carried out through a rehabilitation regime or a bankruptcy regime. Grounds for initiating insolvency proceedings are actual insolvency (i.e. inability to cover matures liabilities) or expected insolvency (when there are reasonable grounds to presume that a debtor will become insolvent). Insolvency proceedings commence with the filing of an insolvency petition with a court requesting the opening of a rehabilitation or bankruptcy regime. Insolvency petition may be filed by the debtor company itself (through a person authorised to manage and represent the business), the creditor, the administrator overseeing a regulated agreement (a court-approved restructuring arrangement between the debtor and its creditors), the rehabilitation manager (if seeking conversion from rehabilitation to bankruptcy), or the bankruptcy manager (if seeking conversion from bankruptcy to rehabilitation).

After the commencement of insolvency proceedings, taking into account the actual situation, the following types of several scenarios are possible, according to which the insolvency process can proceed: a) bankruptcy followed by liquidation (deregistration of the company from the public register); b) rehabilitation (which in other jurisdictions is equivalent to reorganization/restructuring); or c) termination of proceedings.

In the event of bankruptcy, the company's assets will be sold at an auction organised by the National Bureau of Enforcement, and creditors (which also include bondholders) will be satisfied in the order provided by law:

1. First priority claims - the expenses of the bankruptcy regime. This includes: a) the costs of the proceedings provided for in Chapter V of the Civil Procedure Code of Georgia; b) remuneration of the bankruptcy manager; c) expenses related to the proceedings, including expenses arising from labour relations created during the bankruptcy regime, expenses for property management, as well as expenses for various professional services purchased at the discretion of the trustee;
2. Second priority claims - liabilities incurred by the debtor after declaring the insolvency application as admissible and issuing an order on opening the bankruptcy regime by the court, including tax liabilities that arose after the initiation of bankruptcy proceedings;
3. Third priority claims - a group of creditors - in the following order:
 - 3.1. Following preferential claims:
 - employees' salaries and leave of absence for a period of three months preceding the commencement of the insolvency regime and
 - amounts payable due to occupational injury limited up to GEL 1000 per creditor;
 - 3.2. Preferential tax claims, i.e. indirect taxes originating under the Tax Code of Georgia during three years preceding the commencement of the bankruptcy regime;
 - 3.3. Unsecured claims, including tax amounts incurred prior to the declaration of the insolvency application as admissible, that are not included in other subparagraphs of this paragraph;
 - 3.4. Interest and contractual penalties accrued on liabilities existing before the court found the insolvency petition as admissible, administrative fines, and other pecuniary liabilities arising from administrative offenses, fines, and penalties accrued in accordance with the Tax Code of Georgia;
 - 3.5. Non-privileged claims (contractually subordinated claims). Any surplus remaining thereafter is distributed to the shareholders;
 - 3.6. Obligations arising from corporate relations (payment of dividends, redemption of shares, return of contributions).

The mass of insolvency should be distributed according to the principle of proportionality. The claims of the creditors of each following order shall be satisfied after the claims of the creditors of a preceding order are fully satisfied, unless otherwise provided by the agreement of all creditors affected by such a change.

The above priority rules do not apply to secured claims, which will be satisfied as a matter of priority through this security in accordance with the legislation of Georgia. If in the event of the sale of an item used as security, the amount received from its sale exceeds the claim of the first priority creditor, then the claim of each secured creditor of the next priority registered in respect of the same item is satisfied in the amount of the excess amount in the manner provided for by the Civil Code Georgia, and the remaining amount will be transferred to the bankruptcy estate. Upon the request of the secured creditor, whose claim could not be satisfied due to insufficient amount of the proceeds from the sale of the secured item, the unsatisfied part of the claim is reflected in the in the unsecured claims rank, therefore, it will be satisfied at the order of the group of unsecured creditors.

Governing Body and Management

Brief Description of the Corporate Governance Standard in the Company

According to the Law of Georgia “On Entrepreneurs”, adopted on August 2, 2021 (“Law On Entrepreneurs”), and the charter of the Issuer, the control and management of the Issuer are separated among the Meeting of Partners, the Supervisory Board, and the Board of Directors. The latter is responsible for the daily management of the Company and its representation.

The Company has established a three-tier corporate governance system. Specifically, the highest governing body is the General Meeting of Partners of the Company, the day-to-day management of the Company is conducted by the Board of Directors, which is accountable and subordinate to the Supervisory Board.

- **General Meeting of Partners** - makes decisions only on principal matters, such as amendments to the charter of the Company, decisions on the reorganization of the Company, approving annual reports etc.;
- **Supervisory Board** - supervises the activities of the management more closely, and a number of transactions/actions/deals require its consent, for example, acquisition and disposal of shares in another enterprise exceeding the thresholds set by the charter, approval of a combination of transactions related to borrowing and encumbrance by the Company exceeding the thresholds set by the charter, etc.
- **Board of Directors** - represents the individuals authorized for the management and representation of the Issuer. It is responsible for day-to-day management of the Issuer;

The General Meeting of Partners, the Supervisory Board, the Board of Directors, and other councils/committees in the Company define, control, and maintain the parameters and standards by which the Company should operate.

General Meeting of Partners

The highest governing body of the Company is the General Meeting of Partners. The General Meeting of Partners is convened at least once a year by the supervisory board within 2 (two) months from the presentation of the annual external audit report or within 3 (three) months of the end of the previous financial year, whichever is earlier.

The General Meeting of Partners shall be deemed quorate and competent to make decisions if the majority of voting partners are present or represented at the meeting. If the meeting is not quorate, a new meeting shall be convened within the timeframe approved by the Supervisory Board, with the same agenda. This subsequent meeting shall be deemed quorate regardless of the number of voting partners present.

Under the “Law on Entrepreneurs” and the Charter, partners are authorized to pass resolutions, on the following issues at a General Meeting of Partners:

- Approve or amend the charter (including changes to capital and the Company’s trade name);
- Decide on mergers, demergers, or transformations;
- Fully or partially revoke shareholders’ pre-emptive rights when increasing capital;
- Approve or reject proposals from the Supervisory Board or the General Director regarding profit distribution;
- Elect or dismiss members of the Supervisory Board;
- Approve the reports of the General Director and the Supervisory Board;
- Appoint an auditor;
- Make decisions on the acquisition, disposal, exchange, or encumbrance of assets within the thresholds set by the charter;
- Approve the annual report;
- Other issues provided for by the “Law On Entrepreneurs” and the charter.

Supervisory Board

The Supervisory Board consists of at least 3 (three) and maximum of 9 (nine) members, each elected by the partners at the General Meeting for a term 3 (three) years, unless otherwise decided.

Meeting of the Supervisory Board is held at least quarterly. The Supervisory Board is convened and the agenda is determined by the chairman of the Supervisory Board (or the deputy in his absence).

The Supervisory Board is quorate if half of its members are present. The Supervisory Board passes resolutions on issues within its competence by a simple majority of votes of the members present at the meeting - each member of the Supervisory Board has one vote.

The competencies and duties of the Supervisory Board include, *inter alia*, the following:

- Overseeing the activities of the General Director;
- Appointing and dismissing the General Director, concluding and terminating their employment contract, and developing an ethics code for them;
- Approving and amending company policies and any regulatory documents;
- Reviewing accounting records and inspecting company assets;
- Convening extraordinary general meetings of shareholders;
- Reviewing the General Director’s annual report and profit distribution proposal;
- Establishing and liquidating branches;
- Acquiring and transferring shares and stakes in other companies within the thresholds set by the charter;
- Acquiring, transferring, or encumbering real estate and property rights within the thresholds set by the charter;
- Taking loans and credits, as well as securing them within the thresholds set by the charter;
- Other issues provided for by the charter and the law;

The Issuer also complies with the requirement of Article 214, Paragraph 1 of the Law of Georgia “On Entrepreneurs”, which states that “a member of the supervisory board of a joint-stock company may not be at the same time a member of the management body of the joint-stock company”.

Members of the Supervisory Board:

Name	Position	Date appointed	Expiration of the Term of Authority
Giorgi Alpaidze	Member/Chairperson	17 December 2024	3 Years. If, upon its expiration, a new term is not set or a member is not substituted, the term shall be deemed extended for an indefinite period.
Levani Dadiani	Member	17 December 2024	3 Years. If, upon its expiration, a new term is not set or a member is not substituted, the term shall be deemed extended for an indefinite period
Giorgi Ketiladze	Member	12 February 2025	3 Years. If, upon its expiration, a new term is not set or a member is not substituted, the term shall be deemed extended for an indefinite period
George Tchiladze	Independent member/ Deputy Chairperson	7 August 2025	3 Years. If, upon its expiration, a new term is not set or a member is not substituted, the term shall be deemed extended for an indefinite period
Eprem Urumashvili	Independent member	7 August 2025	3 Years. If, upon its expiration, a new term is not set or a member is

not substituted, the term shall be
deemed extended for an indefinite
period

Giorgi Alpaidze is the Chairperson of the Supervisory Board. He also serves as CFO in Georgia Capital and previously served as the CFO of BGEO Group. He joined BGEO in 2016 as the Head of Group Finance, Funding, and Investor Relations. He has extensive international experience in banking, accounting, and finance. Before joining BGEO, he was a senior manager in the assurance practice at Ernst & Young LLP in Greater New York City. He holds a BBA from the European School of Management in Georgia and is a US Certified Public Accountant.

The companies¹⁸ in which Giorgi Alpaidze is/was represented: Georgia Capital JSC (I/N 404549690), Gepha JSC (I/N 201991229), Georgian Pharmacy Group JSC (I/N 405098399), Georgian Renewable Power Company JSC (I/N 404500857), Georgian Renewable Power Holding JSC (I/N 404647325), Insurance Company Aldagi JSC (I/N 404476189), Greenway Georgia JSC (I/N 404867006), Georgia Real Estate JSC (I/N 204517399), Georgian Beverages Holding (I/N 404589913), GCMF LLC (I/N 404577784), NG Property LLC (I/N 405475935).

Levan Dadiani is a member of the Supervisory Board (Deputy Chairperson). He also serves as a general counsel in Georgia Capital and previously served as Senior Group Lawyer at BGEO Group, which he joined in 2012. Levan has extensive experience in commercial law, equity investments, corporate and project financing, and energy projects. Before joining BGEO, he was a Partner at a leading Georgian law firm. He holds an LLM in International Business Law from the University of Texas at Austin, USA.

The companies¹⁸ in which Levan Dadiani is/was represented: Georgian Renewable Power Holding JSC (I/N 404647325), Georgian Renewable Power Operations JSC (I/N 404642892), Gepha JSC (I/N 201991229), VABAKO JSC (I/N 406102275), Zoti Hydro JSC (I/N 404499654), Caucasian Wind Company JSC (I/N 404519865), Georgia Pharmacy Group JSC (I/N 405098399), Greenway Georgia JSC (I/N 404867006), Georgia Real Estate JSC (I/N 204517399), Caucasus Energy Company LLC (I/N 404428650), Gudiasvili Estate LLC (I/N 204451039).

Giorgi Ketiladze is a member of the Supervisory Board and Managing Director, Head of Investments at Georgia Capital. He joined BGEO Group in 2017 as an Investment Officer and has since advanced to his current position. Previously, worked at Deutsche Bank in the Corporate Finance department and at KPMG consulting in Germany. He holds a Master's Degree in Management from London Business School.

The companies¹⁸ in which Giorgi Ketiladze is/was represented: Georgia Education Group LLC (I/N 400271059), Gepha JSC (I/N 201991229), Georgia Pharmacy Group JSC (I/N 405098399), British International School of Tbilisi LLC (I/N 405351943), British Georgian Academy LLC (I/N 204497829).

George Tchiladze is an independent member of the Supervisory Board and Deputy Chairperson. A professional economist, George Tchiladze has extensive experience in the banking sector. He currently also serves as an independent member of the Supervisory Board of JSCB Uzpromstroybank, one of the largest and oldest banks in Uzbekistan. Over the course of his career, George Tchiladze has held various positions at Bank of Georgia, the Partnership Fund, and the asset management company Alpha Plus. He has also served as an analyst and senior executive in several financial institutions. George Tchiladze holds a bachelor's degree in Physics from Tbilisi State University (1993), and master's and doctoral degrees in Physics from Johns Hopkins University (USA), obtained in 1996 and 2000, respectively

The companies in which George Tchiladze is/was represented: Alpha Plus Asset Management LLC (I/N 405611690), Alter Marketing LLC (I/N 205036316), GK Wines and Spirits LLC (I/N 405444728), Agroclub Holding LLC (I/N 417905360), Marana's farm (I/N 405565339).

¹⁸ The name of every company (except the subsidiaries of the Issuer) in which the mentioned person has been or is a member of the management, board of directors, or supervisory board in the last 5 years;

Eprem Urumashvili is an independent member of the Supervisory Board. Since 2010 (from the date of its founding), he has served as Managing Partner of Nodia, Urumashvili and Partners LLC. Since 2016, he has also been the Co-founder and General Director of Rustavi Azot JSC. From 2014 to 2015, Eprem Urumashvili was a member of the Supervisory Board of the Georgian Stock Exchange. Since 2014, he has also served as a member of the Supervisory Board of the Arbitration Chamber affiliated with the Georgian Chamber of Commerce and Industry. In addition, since 2014, he has been the official representative of Bitfury in Georgia. From 1996 to 2000, Eprem Urumashvili studied at the Faculty of Economics at Ivane Javakhishvili Tbilisi State University, specializing in Accounting, Analysis, and Auditing. In 2000–2002, he earned a master’s degree from the same faculty.

The companies in which Eprem Urumashvili is/was represented: Systemic Solutions LLC (I/N 405181912), E U Investments JSC (I/N 405161792), Nodia, Urumashvili and Partners LLC (I/N 204484628), Georgian Investment LLC (I/N 405161505), EU Property LLC (I/N 405227981), EU Immobiliare LLC (I/N 405251016), R P Property LLC (I/N 405593898).

Audit Committee

In accordance with Article 9¹ of the Law of Georgia “On Securities Market”, the Issuer, as a reporting company, is required to establish an audit committee within the supervisory board, which is composed of members of the supervisory board and at least one independent member (requirements of which are additionally determined by Article 57 of the Law of Georgia “On Entrepreneurs”).

The audit committee shall have unrestricted access to all necessary resources to fulfill the functions assigned to it by the supervisory board, including access to management, employees, and information. It may request documents, engage independent consultants, oversee the work of auditors, resolve disputes, and approve audit plans in advance. The audit committee is also authorized to appoint and dismiss the head of the internal audit department.

The term of membership on the audit committee is three years, subject to annual review. The audit committee meetings are held at least four times per year, and more frequently if necessary.

The objective of the Committee is to ensure systematic oversight of the Company’s governance, risk management, and internal control systems. The Committee supports the Supervisory Board and management by reviewing the following areas and providing relevant recommendations:

- Values and ethics
- Governance structure
- Risk management
- Internal control systems
- Coordination and oversight of internal audit, external auditors, and other assurance providers
- Financial reporting and public accountability

The Company has an internal audit department that reports directly to the Audit Committee.

As of the date of approval of the Prospectus, the Issuer is in compliance with this requirement. Specifically, the Issuer has established an audit committee consisting of three members:

Name	Position	Date Appointed	Expiration of the Term of Authority
George Tchiladze	Chairperson	8 August 2025	3 Years. If, upon its expiration, a new term is not set or a member is not substituted, the term shall be deemed extended for an indefinite period
Eprem Urumashvili	Member	8 August 2025	3 Years. If, upon its expiration, a new term is not set or a member is not substituted, the term shall be deemed extended for an indefinite period

The functions and responsibilities of the Audit Committee include, *inter alia*, the following:

- Approves the Internal Audit Charter;
- Evaluates resource requirements;
- Participates in the selection and performance evaluation of the head of the internal audit department;
- Approves the risk-based audit plan;
- Monitors execution, outcomes, and follow-up actions;
- Ensures compliance with professional standards;
- Conducts periodic quality assessments;
- Reviews the external audit plan;
- Evaluates the independence and performance of external auditors;
- Manages the relationship with external auditors;
- Monitors management's actions in response to audit recommendations;
- Performs other assigned tasks;
- Conducts special investigations;
- Evaluates the performance of the Committee and its individual members.

Board of Directors

The Board of Directors represents the executive body of the Company, which conducts the ongoing activities of the Company and represents the Company in relations with third parties. The Board of Director consists of a General Director and at least one deputy general director. The General Director acts on behalf of the Company without a power of attorney, independently. Members of the Board of Directors are elected by a simple majority vote of the Supervisory Board.

The General Director and the Board of Directors are Obligated to:

- Lead and implement the Company's ongoing activities;
- Review in advance all issues included in the agenda of the shareholders' and supervisory board meetings;
- Prepare and submit the business plan for the upcoming year to the supervisory board for approval at least one month before the end of the financial year, including the annual budget, profit and loss statement, and investment plan;
- Supervise the operations of the Company's branches and departments, ensuring the fulfillment of assigned responsibilities by their management;
- Fulfill other obligations as stipulated by the charter and legislation.

The General Director is Authorized to:

- Coordinate the ongoing management of the Company;
- Act on behalf of the Company without a power of attorney;
- Submit recommendations to the supervisory board regarding employee incentives;
- Prepare and present all necessary materials to the shareholders' meeting and the supervisory board;
- The General Director may assign the heads of relevant company divisions to resolve specific issues within their competence;
- Address other matters as stipulated by the charter and legislation.

Irakli Gogia is General Director of the Company, Irakli Gogia was appointed Chief Executive Officer on August 12, 2022. Previously, he served as Chief Financial Officer since 2017 and Chief Operating Officer since 2014. He was also Deputy Chairman of the Supervisory Board of EVEX Medical Corporation and Insurance Company Imedi L.

With a decade of experience in the financial industry, he was Deputy CEO of Insurance Company Aldagi (2009–2014) and CFO of Liberty Consumer. He began his career as a senior auditor at Ernst & Young and Deloitte.

Mr. Gogia holds a BBA from the European School of Management in Tbilisi. He has received the Order of Honour from the President of Georgia and an academic excellence award from the UK's Minister for Education.

The companies¹⁹ in which Irakli Gogia is/was represented: Vabaco JSC (I/N 406102275), Transnet LLC (I/N 205079813), Vian JSC (I/N 402295716), LLC Vi Ti Jgupi (I/N 205143824), Titan LLC (I/N 205178154), Chemicals LLC (I/N 405039426), G c g LLC (I/N 405039015), Georgian Agro Fields LLC (I/N 405533061), Geoagro Estate LLC (I/N 405572189), Georgian Fresh Fruits LLC (I/N 405533007), Georgian Fresh Garden LLC (I/N 405572143), Agroeikaz LLC (I/N 405572278).

Key Management

Nika Tsiklauri - Deputy CEO, Finance

Nika Tsiklauri was appointed Deputy CEO in April 2024, having joined the Group in May 2015 as Deputy CFO. He has been a Supervisory Board member of EVEX Medical Corporation since April 2023 and of Insurance Company Imedi L since December 2023. Previously, he worked at Ernst & Young (2009–2015) as a Senior Project Lead Auditor, overseeing engagements for the Bank of Georgia, a London Stock Exchange-listed entity.

Mr. Tsiklauri holds a bachelor's degree in management from the Free University of Tbilisi (European School of Management). He is a CFA charterholder, a certified Project Management Professional (PMP), a Financial Risk Manager (FRM), a Certified Alternative Investment Analyst (CAIA), and a member of ACCA.

Giorgi Gordadze - Chief Operating Officer, Polyclinics

Giorgi Gordadze has led the Group's Polyclinics business since January 2019, after joining as Head of the Polyclinic business in May 2017. He has over 20 years of experience in the pharmaceuticals sector and previously held managerial roles at JSC GPC, including as Commercial Director, before GPC was acquired by GHG in 2016.

Mr. Gordadze holds a degree in economics from Ivane Javakhishvili Tbilisi State University and an MBA from CERMA Business School.

Zurab Kitoshvili - Chief Operating Officer, Regional Hospitals

Zurab Kitoshvili has led the Regional Hospitals and Clinics business since November 2023. He has over 20 years of experience in management and finance, having served as General Director of Geo Hospitals, Georgia's second-largest hospital chain, for over three years. Previously, he held leadership roles at Georgian Industrial Group Holding (GIG) and Mktvari Energy, including as Financial Director.

Mr. Kitoshvili holds a bachelor's degree in management from the Free University of Tbilisi (European School of Management) and an Executive MBA from the University of Sheffield.

Ketevan Kalandarishvili - Chief Operating Officer, Diagnostics

Ketevan Kalandarishvili has led the Group's Diagnostics business, Mega Laboratory, since March 2023. She previously served as Head of GHG's Investor Relations and Funding unit from 2017 and initially joined the Group in 2015 as an Investor Relations and Funding specialist. Before that, she worked as a senior auditor at Ernst & Young.

Ms. Kalandarishvili holds a Bachelor of Business Administration degree from the Caucasus School of Business.

Employees

The number of employees of the Group in 2024 was 10,983, in 2023 10,095, and in 2022 it was 10,158. As of the date of the Prospectus, 11,025 people are employed in the Group.

¹⁹ a) The name of every company (except the subsidiaries of the Issuer) in which the mentioned person has been or is a member of the management, board of directors, or supervisory board in the last 5 years;

Conflict of interest

There is no conflict of interest between the members of the Supervisory Board of the Issuer and/or partners holding more than 5% of shares and/or the personal interests or other duties of executive management members. Additionally, there are no familial connections between the members of the Supervisory Board of the Issuer and/or the members of the executive management.

There is no agreement between the governing body, partners, consumers, and suppliers that resulted in the election of any person as a member of the Board of Directors, Supervisory Board, or senior management.

There are no restrictions regarding the governing body and partners holding more than 5% of direct or indirect shares in relation to the disposal of their shares in the securities of the Issuer.

Statement Regarding Complaints

As of the date of this Prospectus, none of the members of the Supervisory Board of the Issuer, any individual owning more than 5% of shares of the Issuer, and none of the executive management members of the Issuer – for at least the last five years:

- Have been convicted of fraud, economic crimes, or money laundering;
- Have held an executive function, as a member of the management or supervisory bodies of any company during its bankruptcy or liquidation (except for voluntary liquidation); or
- Have been subject to any official incrimination and/or sanction by any state or regulatory body (including any professional body) or disqualified by a court from performing the duties of a member of the management or supervisory body of any company.

In the last 5 years, no information regarding cases of fraud, economic crimes, or money laundering has been identified.

Corporate Governance

The Issuer fully complies with all requirements outlined in the corporate governance regulations provided by the “Law on Entrepreneurs”. Additionally, on December 7, 2021, by the Order of the President of the National Bank of Georgia the Corporate Governance Code for Issues of Public Securities was published, which came into effect in January 2022, though issuers were required to submit the first reports under this code by the date of the 2023 annual reports. This code is based on the approach: “comply or explain and present an alternative,” aimed at promoting the widespread adoption of best practices in corporate governance.

As of the date of the Prospectus, according to the Issuer’s self-assessment, the Company is in compliance with the Decree N172/04 of the President of the National Bank of Georgia the Corporate Governance Code for the Issuers of Public Securities.

Dividend Policy

The General Director must prepare a profit distribution proposal within one month after the annual audit and at least one month before the Annual Shareholders' Meeting for approval by the Supervisory Board.

Within one month following the completion of the annual audit (but in any case, at least one month prior to the date of the Annual General Meeting of Partners), the General Director must prepare a profit distribution proposal for approval by the Supervisory Board. If the Supervisory Board agrees with the proposal, the Supervisory Board and the General Director shall submit a joint proposal to the General Meeting. In the event of disagreement, the Supervisory Board and the General Director shall each submit separate proposals. The decision on profit distribution must be made and approved by the General Meeting of Partners.

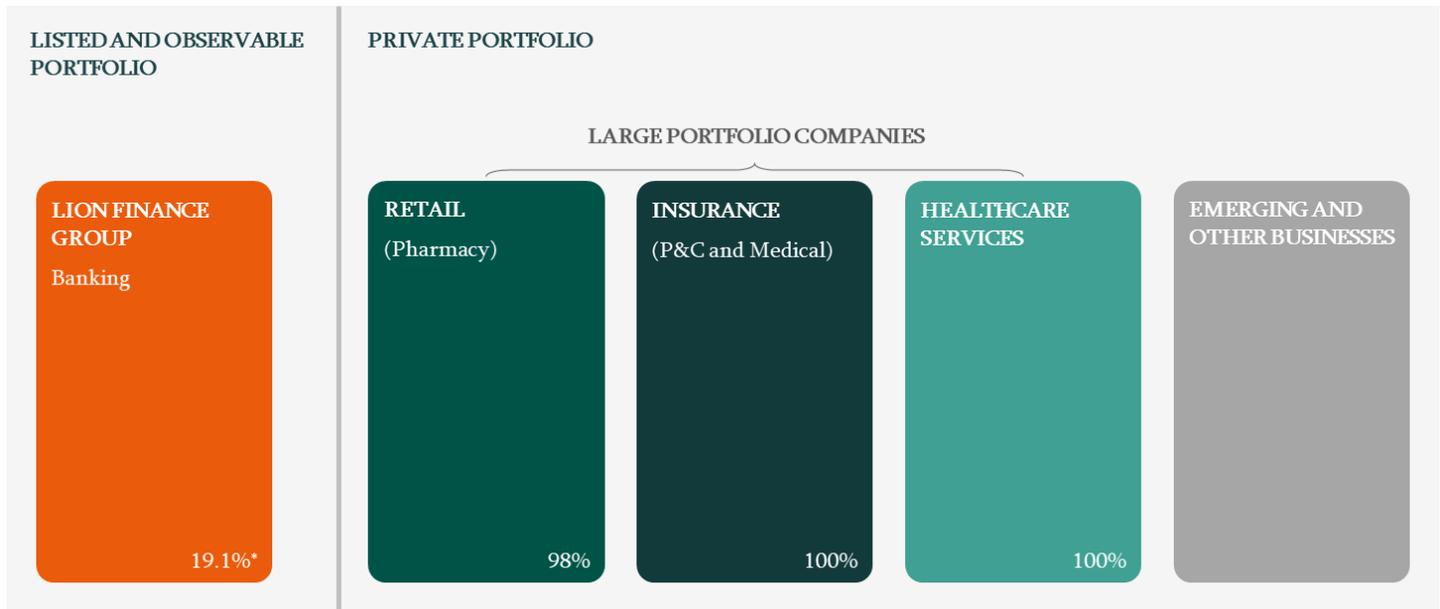
The frequency of dividend payments is determined by the General Meeting of Partners.

Net profit shall be distributed proportionally among the shareholders of all classes of shares in accordance with the established procedures. Partners are not entitled to any form of compensation other than dividends.

Ultimate Beneficiaries

The Issuer is wholly owned by JSC Georgia Capital. GCAP makes up a group of companies (the “GCAP Group”) whose primary business is to develop or buy businesses, help them develop their management and institutionalise their businesses that can further develop mainly on their own, either with continued oversight or independently. The GCAP Group’s focus is typically on larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 300 million equity value over 3-5 years from the initial investment and to monetise them through exits, as investments mature. GCAP manages its portfolio companies individually and does not focus on achieving intergroup synergies. GCAP does not have capital commitments or a primary mandate to deploy funds or divest assets within a specific time frame. As such, it focuses on shareholder returns and on opportunities which meet its investment return and growth criteria.

As of the date of approval of this Prospectus, the investment portfolio of JSC Georgia Capital includes:



* GCAP’s equity stake in Lion Finance Group as of the date of the Prospectus

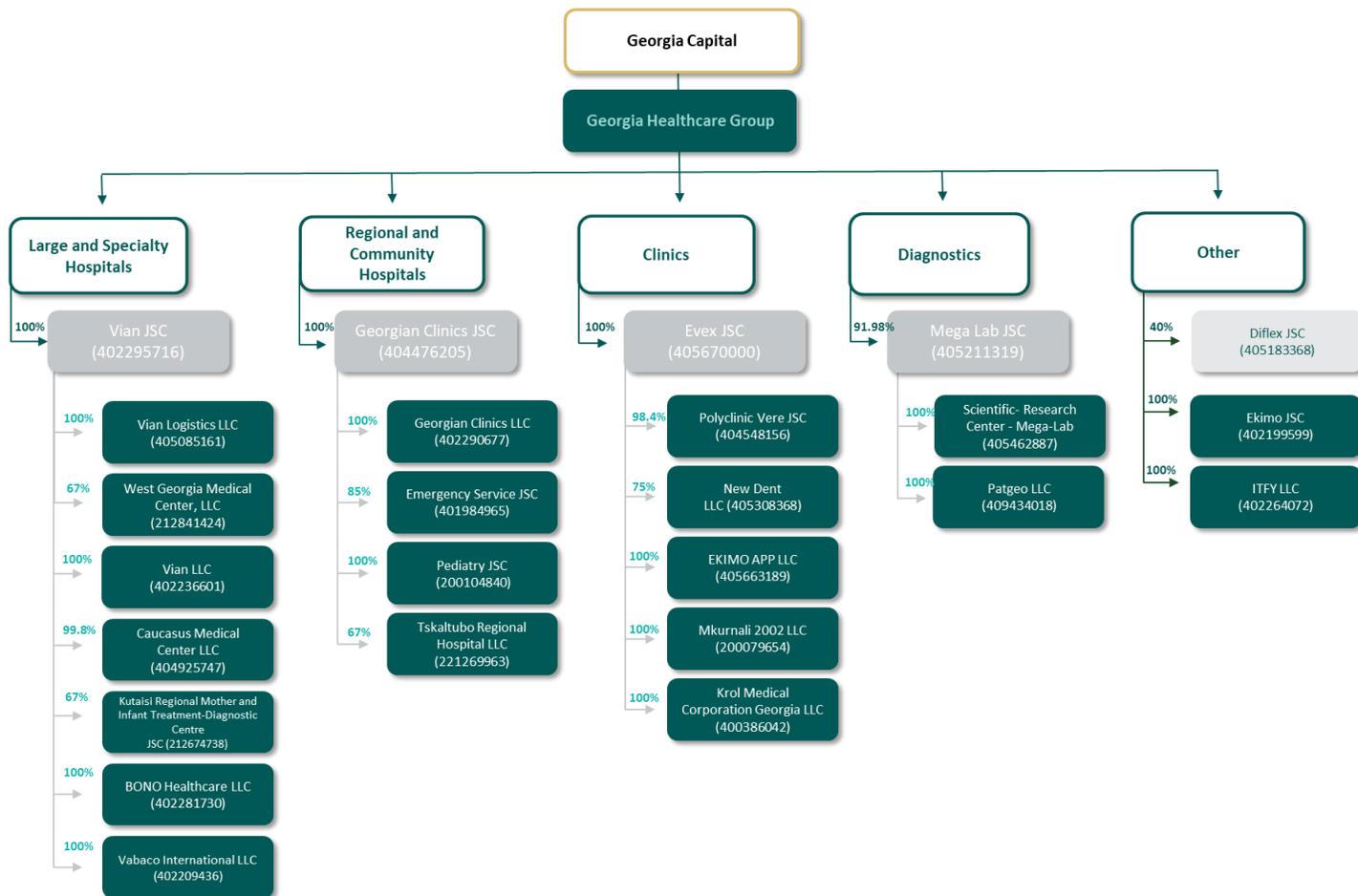
Portfolio and segments

The GCAP Group currently has the following portfolio businesses:

- (i) A 19.1% equity stake in LSE premium-listed Lion Finance Group PLC (formerly Bank of Georgia Group PLC), a leading universal bank in Georgia;
- (ii) A retail (pharmacy) business;
- (iii) An insurance business (P&C and medical insurance);
- (iv) **A hospitals business** (consisting of a. large and specialty hospitals and b. regional and community hospitals);
- (v) **A clinics and diagnostics business;**
- (vi) A renewable energy business (hydro and wind assets);
- (vii) An education business;
- (viii) GCAP also holds other small private businesses across different industries in Georgia.

The ultimate owner of the Issuer is Georgia Capital PLC, which is listed on the London Stock Exchange (Ticker: CGEO).

As of the date of the Prospectus, detailed information on the Company’s direct and indirect investments is provided in the table below:



*The diagram presents only commercial legal entities.

The owner of the issuer is wholly owned by Georgia Capital PLC, which is listed on the London Stock Exchange (Ticker: CGEO).

The following table sets forth the shareholders of Georgia Capital PLC who, directly or indirectly, hold more than 5% of the shares:

	As of the date of the Prospectus (%)
Gemsstock Ltd	7.56%
Lazard Asset Management LLC	7.37%
Allan Gray Proprietary Ltd	6.45%
Other*	78.62%
Total	100.00%

*Other investors each hold less than a 5% stake in Georgia Capital PLC.

None of the shareholders of Georgia Capital PLC hold any voting rights different from those of other holders of the same class of shares. Each shareholder is entitled to one vote per share.

There is no natural person who is the ultimate beneficial owner (UBO) of more than 5% of the Issuer's shares.

Transactions with Related Parties

According to IAS 24 "Related Party Disclosures," parties are considered related if one party has the ability to control or significantly influence the financial and operational decisions of the other party. When assessing any possible relationships between related parties, the focus is on the substance of the relationship rather than merely its legal form. Related parties may enter into transactions that unrelated parties would not, and transactions between related parties may not be conducted on the same terms and amounts as those between unrelated parties.

The volume of related party transactions, the outstanding balances at year-end, and the corresponding expenses and income during the year were as follows:

'000 GEL	31-Dec-24		31-Dec-23	
	Parent	Entities under common control & others	Parent	Entities under common control & others
Assets				
Receivables from healthcare services	-	12,983	-	9,143
Less: Allowance for impairment (Healthcare receivables)	-	(425)	-	(307)
Other assets: operating leases	-	902	-	2,469
Less: Allowance for impairment (Operating leases)	-	(30)	-	(83)
Prepayments and other assets: other	-	2,351	-	4,542
Total assets	-	15,781	-	15,764
Liabilities				
Accounts payable	-	6,279	-	6,134
Debt securities issued ***	-	-	14,031	-
Borrowings	-	19,032	-	26,070
Financial guarantees issued (maximum exposure)	-	36,190	-	-
Total liabilities	-	61,501	14,031	32,204

'000 GEL	2024		2023	
	Parent	Entities under common control & others	Parent	Entities under common control & others
Healthcare service revenue	-	14,163	-	10,590
Cost of healthcare services	-	(2,795)	-	(2,806)
Impairment of healthcare receivables and other assets	-	(65)	-	(28)
General and administrative expenses	-	(99)	-	(77)
Interest expense	(1,017)	(1,403)	(982)	(2,118)
Expected credit loss on issued financial guarantees	-	(270)	-	-
Total	(1,017)	9,531	(982)	5,561

Management compensation consisted of the following items:

'000 GEL	2024	2023
Salaries and Cash bonuses	2,291	1,960
Share-based compensation	1,651	1,376
Total key management compensation recognized within salaries and employee benefits*	3,942	3,336
Salaries and Cash bonuses of dismissed key management personnel	684	1,032
Share-based compensation of dismissed key management personnel	184	1,589
Total key management compensation	4,810	5,957

**Senior management is represented by members of the Board of Directors.*

Litigation

Detailed information on the group's ongoing material (over GEL 500,000) lawsuits is provided in the following table:

Plaintiff	Defendant	Case Description	Detailed Description of the Imposed Penalty Sanctions	Case Status	Claim Value	Reserve Related to the Lawsuit	Currency
LLC "Tskaltubo District Hospital"	LEPL National Health Agency	Dispute regarding the annulment of an administrative deadline (Administrative claim against the decision of the Social Service Agency #04-06/4235)		Ongoing	635,365	193,197	GEL
JSC "Viani"	Irakli Gogokhia	Irakli Gogokhia violated the terms of his employment agreement by terminating the contract prematurely. This breach triggered the obligation to return a bonus paid by JSC "Viani" at the start of the employment relationship, along with an additional penalty of the same amount. A lawsuit was filed against Irakli Gogokhia for the violation.		Ongoing	2,801,704	The issuer is the Plaintiff	GEL
Batumi Referral Hospital	LEPL National Health Agency	Dispute regarding the annulment of administrative acts issued by the Social Service Agency (#29 dated June 16, 2017, and #04/33003 dated May 23, 2017)		Ongoing	745,198	43,184	GEL
Telavi Referral Hospital	LEPL Social Service Agency	The social agency conducted a selective audit under Resolution #36 for the period from November 1, 2014, to August 1, 2018. As a result, a fine of GEL 976,311.04 was imposed. The clinic disagreed with the findings and appealed the act to a higher administrative body.		Ongoing	976,311	976,311	GEL
Caucasus Medical Center	LEPL National Health Agency	Under State Healthcare Program #36, the Social Service Agency imposed a GEL 1,122,069 payment obligation on the Caucasus Medical Center for alleged violations of program terms.		Ongoing	1,122,069	299,316	GEL
Zugdidi Referral Hospital	LEPL National Health Agency	Under Healthcare Program #36, the Social Service Agency fined Evex (Zugdidi Hospital) GEL 1,277,136.23, including a main amount of GEL 423,942.30 and an additional		Ongoing	1,265,529	359,951	GEL

		GEL 853,193.93 as double penalty. Court hearing is pending.					
LLC Western Georgia Medical Center	LEPL National Health Agency	Breach of conditions for providing medical services under state-funded healthcare programs.		Ongoing	1,733,946	1,733,946	GEL
JSC Iashvili Children's Clinic	LEPL National Health Agency	Annulment of Act N2019/31/10/04 dated October 31, 2019, issued after a planned (scheduled) inspection.		Ongoing	1,905,652	1,905,652	GEL
JSC Iashvili Children's Clinic	LEPL Social Service Agency	Based on Inspection Act #03 dated June 1, 2016, the hospital was ordered to repay GEL 258,341 as unjustified claims and fined GEL 1,934,988. Higher agency decisions (#04/75969 and #04/76026 dated October 6, 2016) partially satisfied the appeal (only GEL 20,000). The hospital disagreed with the ruling.		Ongoing	2,049,912	2,049,912	GEL
JSC Iashvili Children's Clinic	LEPL Social Service Agency	Based on Act N2019/31/10/06 (October 31, 2019), under Resolution #36, the hospital was fined GEL 2,103,587.78 for violating program terms. The act was appealed.		Ongoing	2,103,588	0	GEL
JSC "Evex Clinics"	LLC "PP"	Claim for debt repayment arising from a loan agreement.	Claim for Debt Repayment Arising from the Loan Agreement The total amount claimed is USD 1,499,621.38, comprising USD 679,927.89 as the principal and USD 819,693.49 as accrued interest. Additionally, LLC "PP" has been charged a penalty fee of USD 10,000.	Done	1,509,621		The issuer is the Plaintiff GEL
Giorgi Petviashvili, Levan Tsuladze,	JSC Evex Hospitals, JSC Insurance Company	Former shareholders of "Imedi L International" filed a lawsuit claiming the purchase price		Ongoing	USD 12.7 million at an annual 5%.	0	USD

Lasha Nikolozade, Aleksandre Lortkipanidze, LLC "Saimedo"	Imedi L, JSC Insurance Company Aldagi	was unfair as the agreement was signed under duress.					
JSC "Viani", JSC "Georgian Clinics"	Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs of Georgia	Based on a decision dated March 5, 2022, the ministry excluded Evex Hospitals from the mobilization scheme as of March 15, 2022, ceasing COVID-19 patient referrals and prematurely terminating seven contracts unilaterally. This caused a total loss of GEL 1,432,080 to Evex Hospitals across all seven hospitals.		Ongoing	1,432,080	1,413,305	GEL
JSC "Evex Hospitals"	LEPL Agency for Regulation of Medical and Pharmaceutical Activities	Annulment of inspection acts #R/K-1909-12		Ongoing	1,533,656	0	GEL
Kutaisi Referral Hospital	Agency for Regulation of Medical Activities	Review of cases under the COVID-19 State Program (Government Decree #828 of December 31, 2020) for the period August 1–September 30, 2021. The Audit Report R/K-4163-26 was partially satisfied by Decision REG 0 23 00341364, which was appealed in court.		Ongoing	1,504,576	0	GEL
LLC Western Georgia Medical Center	Agency for Regulation of Medical and Pharmaceutical Activities	Selective audit conducted under the Universal Healthcare Program (Resolution #36), resulting in Audit Report #R-2408-72.		Ongoing	8,532,507	2,232,507	GEL
Traumatology Hospital	LEPL Agency for Regulation of Medical and Pharmaceutical Activities	Annulment of inspection acts #R/K-1190-3		Ongoing	946,185	0	GEL
LEPL National Health Agency	Batumi Referral Hospital	Payment of amount imposed under administrative act.		Ongoing	745,198	43,184	GEL
JSC "Viani", JSC "Evex Hospitals"	LEPL Agency for Regulation of Medical and Pharmaceutical Activities, LEPL Social Service Agency, LEPL National Health Agency	Annulment of administrative acts (#04/35028 and #04/36026 dated June 1 and June 5, 2017), which denied plaintiffs reimbursement for medical service costs.		Ongoing	1,413,305	1,413,305	GEL

Khoni Hospital, Kutaisi Referral Hospital, LLC "Western Georgia Medical Center"	LEPL Agency for Regulation of Medical and Pharmaceutical Activities, LEPL Social Service Agency, LEPL National Health Agency	Plaintiffs were denied reimbursement for medical services based on administrative acts #04/35028 and #04/36026 (dated June 1 and June 5, 2017).		Ongoing	1,205,115	1,205,115	GEL
Levan Talakvadze	JSC Evex Hospitals – Iashvili Central Children's Hospital	The lawsuit was filed by the parents of patient Marta Talakvadze, Levan Talakvadze and Mariam Mitaishvili, seeking compensation for material and moral damages due to improper treatment of their child.		Ongoing	613,300	0	GEL
LLC Caucasus Medical Center	LEPL National Health Agency	As part of the verification process requested by the Social Service Agency via letter №04/42322 dated 28 June 2017, LLC "Caucasus Medical Center", under the assignment of LEPL "National Health Agency", reviewed the completion status of consent forms for beneficiaries registered to receive planned outpatient services within the framework of the State Universal Healthcare Program, as approved by Resolution №36 of the Government of Georgia dated 21 February 2013. The verification covered the period from 28 February 2013 to 1 January 2019 and concerned the completion status of consent forms for planned outpatient services provided under the program. As a result, under the State Healthcare Program №36, the Social Service Agency imposed a penalty (recoverable amount) of GEL 1,162,727.67 on Caucasus Medical Center. The penalty was appealed to the Regulatory Agency, which rejected the claim. Subsequently, the decision was challenged before the Tbilisi City Court. The hearing is scheduled for 9 June 2025.		Ongoing	951,909	299,316	GEL

JSC “Evex Hospitals” - Didube Polyclinic	LEPL National Health Agency, LEPL Agency for Regulation of Medical and Pharmaceutical Activities	The LEPL Agency for Regulation of Medical and Pharmaceutical Activities inspected consent form documentation for the years 2019–2023 at Didube Polyclinic. A fine was imposed. The inspection report was appealed administratively, but the agency denied the appeal. That decision was further appealed to Tbilisi City Court. No hearing date has been set. A motion to suspend the enforcement of the act was filed with the court and was granted within the scope of the lawsuit.	Ongoing	534,878	GEL
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Detailed Information on Material Legal Disputes

Dispute with Former Shareholders of Imedi L International USD 12.7 million at an annual rate of 5%.

As of 31 December 2024, several companies within the Group, as well as entities under common control (JSC “Viani”, JSC “Georgian Hospitals”, JSC “Evex Clinics” and JSC “Insurance Company Imedi L”, hereinafter collectively referred to as the “Defendants”), were involved in litigation with certain former shareholders of “Imedi L” (the “Claimants”) regarding the purchase price of the business. The former shareholders allege that their shares in “Imedi L” were forcibly sold to the Group in 2012 at a price below fair market value. In 2018, the Defendants won the case in the Tbilisi City Court. The Claimants appealed the decision, and in January 2020, the Tbilisi Court of Appeals returned the case to the Tbilisi City Court for reconsideration. The Supreme Court upheld this decision in February 2022. In July 2022, the Tbilisi City Court partially ruled in favor of the Claimants without presenting any new substantive evidence and ordered the Defendants to pay the full disputed amount of USD 21 million (GEL 58.9 million). The Company appealed the decision to the Tbilisi Court of Appeals in September 2022. Since then, no significant developments have occurred in the status of the case. The Group’s management believes that the claims described in the lawsuit are not supported by adequate evidence. No violations of law or illegal actions have been established. The claim consists solely of unsubstantiated allegations, with no proof of any wrongdoing, as no such actions occurred. Management considers the claim to be unfounded and maintains that the shares in “Imedi L” were acquired at a fair price through bona fide agreements. Management believes that the probability of loss associated with this claim is below 50% and, accordingly, no provisions have been recognized in the consolidated or separate financial statements.

Claim for Debt Repayment Arising from a Loan Agreement (Amount in GEL 7,656,794)

On 4 February and 30 August 2016, JSC Evex and LLC “PP” entered into lease and loan agreements, under which Evex leased immovable property owned by LLC “PP” and extended a loan to LLC “PP” in the amount of USD 700 000. As of 3 July 2017, ownership of the property was transferred to JSC Bank of Cartu. In accordance with the loan agreement, Evex demanded repayment of the loaned amount from LLC “PP”, which has not been fulfilled to date. Evex prevailed in all three court instances—first, appellate, and supreme. The Supreme Court declared the cassation appeal inadmissible, and therefore, the dispute is now concluded in favor of Evex. LLC “PP” was ordered to pay USD 1,499,621 to Evex, comprising USD 676,927.89 as the principal, USD 819,693.49 as accrued interest, and a penalty of USD 10 000. The case has been forwarded for enforcement; however, the recovery of the amount has not been successful as of the reporting date.

Selective Audit (Amount in GEL 8,532,507)

LLC "Western Georgia Medical Center" is a participant in the Universal Healthcare Program (hereinafter: the "Program"), the terms of which are defined by Resolution №36 of the Government of Georgia dated 21 February 2013 (hereinafter: the "Resolution"). The Resolution constitutes an administrative agreement, which includes provisions for the selective verification/review of services delivered by medical institutions participating in the Program. Under the Resolution, the government has the right to conduct audits in order to control the quality of medical services provided and assess their compliance with the Program's requirements. On 1 March 2022, the LEPL Agency for Regulation of Medical and Pharmaceutical Activities initiated a review of medical services (cases) rendered by LLC "Western Georgia Medical Center" under the Program. The process continued for 18 months and concluded with an audit report issued on 22 September 2023.

According to the report, LLC "Western Georgia Medical Center" was ordered to reimburse the state in the amount of GEL 8 532 507.41, comprising GEL 4 269 840 as a recoverable amount to be returned to the budget and GEL 4 262 667.31 as a penalty.

The total value of the Group's ongoing non-material legal proceedings amounts to GEL 12,420,870. Individually, the value of none of these non-material claims exceeds GEL 500 000.

List of Documents Referenced in the Registration Document

In addition to the sources mentioned in the prospectus, the registration document also references the following documents:

- The Company's Charter (published on the Public Registry portal at npr.gov.ge; application search number: B25063357);
- Agreement between the Placement Agents and the Issuer;
- Agreement between the Calculation Agent and the Issuer;
- Agreement between the Bondholders' Representative and the Issuer;
- The Company's financial statements.

The above-mentioned agreements are confidential documents that the issuer does not plan to publish; however, these documents may be made available to existing and potential investors, as well as relevant parties (such as the placement agent's representative, calculation agent, and bondholders) in physical form at the addresses specified in the issuer's prospectus, and electronically upon request via the email address indicated in the prospectus. For existing investors, the latest available version of these documents must be shared electronically no later than 10 business days from the date of the request.

Overview of the securities

Important information

Statement about working Capital

Working Capital

The Group's working capital (current assets minus current liabilities) and current ratio over the periods are presented below:

<i>'000 GEL</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Working Capital	(113,973)	(149,705)	18,741
Current Ratio	0.60	0.57	1.14

The main reason for the negative working capital is primarily the current portion of loans. This indicator is presented over the periods below:

<i>'000 GEL</i>	<i>2024</i>	<i>2023</i>
Borrowed Funds, Current Portion	200,540	220,091

The funds raised through the Bonds will be used to partially refinance the existing loan obligations, loan obligations not refinance through bond will be refinanced by the issuer's free cash upon issuance of bonds which will reduce the current portion of the loans to zero, as the Issuer will not be required to make principal repayments on the refinanced amount for the next four years. Consequently, the working capital and liquidity ratios will improve.

The pro forma (post-bond issuance) working capital and current ratio are presented below:

<i>'000 GEL</i>	<i>Pro- forma</i>
Working Capital	90,516
Current Ratio	2.07

Party Involved in the Offering	Role in the Offering	Description of Interest	Description of Conflict of Interest
JSC Galt & Taggart	Placement, Calculation Agent	Has an interest in placing the securities and, in return, receiving a fee agreed with the Company	<ul style="list-style-type: none"> - The Issuer and the Placement Agent 1 (JSC Galt and Taggart) are indirectly related; as of the date of the approval of the Prospectus, the ultimate sole owner of the Issuer, JSC Georgia Capital, holds 19.8% non-voting equity interest in Lion Finance Group PLC, the ultimate sole owner of JSC Galt and Taggart. The Issuer considers this to be a non-material circumstance given the non-voting nature of the Issuer's equity interest in Lion Finance PLC, and the fact that the members of the governing bodies of these companies are fully and completely separated and all the agreements related to the bonds to be issued under this Prospectus are made in accordance with the existing Georgian legislation. - There is a possibility that the part of the bonds issued and placed under this Prospectus might be acquired by JSC Bank of Georgia, which is one of the major commercial banks operating in Georgia and is affiliated with the Placement Agent 1; more specifically, the ultimate owner of both, the Placement Agent 1 and JSC Bank of Georgia is Lion Finance Group PLC, a company listed on London Stock Exchange. At the same time, the head of JSC Bank of Georgia's corporate lending direction (which includes both, issuing corporate loans and investing in bonds) supervises the Placement Agent 1 at the group level. Indicated circumstances could create a conflict of interest between the Placement Agent 1, the Issuer, and JSC Bank of Georgia.
LLC TBC Capital	Placement Agent	Has an interest in placing the securities and, in return, receiving a fee agreed with the Company	<ul style="list-style-type: none"> - There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent 2 (Placement Agent 2 is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent 2 and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent 2 and the Issuer, between Placement Agent 2 and JSC TBC Bank, and between Placement Agent 2 and Investors.

Information on Changes in the Capital Structure of the Securities and in the Event of Insolvency/Bankruptcy

The Company's liabilities under the bonds constitute secured liabilities of the Company. Accordingly, any claims against the Company under the bonds would be secured claims. According to the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors' Claims, secured creditors enjoy preference over unsecured creditors in regard to an encumbrance concluded in favour of secured creditors. Such secured claims are governed by the Article 105 of Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors' Claims, according to which the secured creditor of the first rank may apply to a bankruptcy manager requesting the sale of secured property in the manner provided for by a respective mortgage agreement. The bankruptcy manager ensures the sale of the said property in accordance with the claim of a mortgagee of the first rank. If the proceeds from its sale exceed the claim of a creditor of the first rank, the claims of creditors of each following rank are satisfied by the excess amount in accordance with the procedure established by the Civil Code of Georgia, whereas the remaining amount shall be included in the insolvency estate. If a claim of the secured creditor is not satisfied due to the insufficient amount of the proceeds from the sale of the collateral, the unsatisfied part of the claim is included in the rank of non-secured claims.

According to the aforementioned law, in the event of the Issuer's bankruptcy, the insolvent estate will be distributed in the following order of priority:

1. Costs of the bankruptcy proceedings, which include: (i) costs arising under the procedure set out in Chapter V of the Civil Procedure Code of Georgia; (ii) remuneration of the insolvency practitioner; and (iii) costs related to the administration of the case, including expenses arising from employment relations during the course of the bankruptcy proceedings, asset management costs, and the cost of professional services engaged at the discretion of the insolvency practitioner.
2. Claims arising after the court admits the insolvency application and initiates bankruptcy proceedings, including tax obligations incurred following the commencement of bankruptcy proceedings.
3. Groups of creditors, in the following order:
 - a. Preferential claims – compensation for three months' salary and vacation pay accrued prior to the court's admission of the insolvency application (excluding salaries and vacation pay of the debtor's directors, supervisory board members, and their family members); compensation for work-related injuries (up to GEL 1,000 per creditor);
 - b. Preferential tax claims – amounts of indirect taxes accrued under the Tax Code of Georgia for the last three fiscal years prior to the court's admission of the insolvency application;
 - c. Unsecured claims, including tax obligations accrued prior to the court's admission of the insolvency application that are not covered by the other subparagraphs of Article 104(1) of the Law on Rehabilitation and Collective Satisfaction of Creditors;
 - d. Claims arising as interest and fines accrued on the liabilities existing before the declaring of an application for insolvency admissible, administrative fines and other monetary liabilities deriving from administrative offences, and fines and penalties charged in accordance with the Tax Code of Georgia;
 - e. Non-preferential claims; and
 - f. **Obligations arising from corporate relations** (the payment of dividends, the redemption of shares, the return of contributions).

Other Characteristics of the Bond

The circulation of the bonds is not restricted.

The offering will be conducted in accordance with the terms set forth in this prospectus and within the timeframe established by law. The offering will commence after the approval of the prospectus and will end upon the occurrence of the first of the following three events:

- a) expiration of the validity period of the issuance prospectus;
- b) full placement of the publicly offered bonds;
- c) termination of the public offering.

The bonds will be issued at 100% of their nominal value. All costs related to the placement of the bonds will be fully borne by the issuer, and no additional expenses related to the bond placement will be charged to investors within the offering.

Placement Agent 1, Calculation Agent:
JSC Galt & Taggart (ID: 211359206)
Address: Georgia, Tbilisi 0105, Pushkin St. 3
Email: st@gt.ge ; sales@gt.ge
Website: <https://galtandtaggart.com/en>
Phone: (+995 32) 2 40 11 11

Placement Agent 2:
LLC TBC Capital (ID: 204929961)
Actual address: Tbilisi 0102, Marjanishvili St. N7
Legal address: Georgia, Tbilisi, Vake District, Ilia Chavchavadze Ave. N11
Email: info@tbccapital.ge
Phone: (+995 32) 227 27 33
Website: <https://tbccapital.ge/en/>
Country of registration: Georgia
Governing law: Georgian legislation

The Company has entered into an agreement with the placement agents and the calculation agent — JSC Galt & Taggart and LLC TBC Capital. Under the agreement, JSC Galt & Taggart and LLC TBC Capital are obligated to arrange the placement of the Bonds on a non-underwritten basis only. Each placement agent is responsible for assisting the Issuer in the preparation of the documentation required for the placement of the Bonds (including the Bond Prospectus), performing the functions of a placement agent, and providing the Company with advice relating to the issuance, sale, and settlement of the Bonds. JSC Galt & Taggart, in its capacity as calculation agent, is responsible for calculating the coupon and the principal amount.

Other fees related to the placement and offering will not exceed 1.5% of the placed Bonds. The placement fee will be borne in full by the Issuer, and no placement expenses will be charged to investors.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions in the form in which they will be endorsed on the Bonds:

Bonds (as defined in the Prospectus) with the total principal amount of 350,000,000 million are issued on the basis of the resolution of the Supervisory Board and of the Shareholder of the Issuer dated 21 August 2025, and in accordance with the Prospectus and the Term Sheet.

Terms of the Bonds and the rights of the Bondholders are governed by this Prospectus, including without limitation these "Terms and Conditions of the Bonds" (hereinafter referred to as the "**Terms and Conditions of the Bonds**" or the "**Terms and Conditions**" or the "**Conditions**"), the Term Sheet document and the Agreement on Terms and Conditions of the Bonds between the Issuer and the Bondholders' Representative (the "**Agreement**"), the Guarantee Agreement, the Pledge Agreement and the Mortgage Agreement. The Agreement is signed in English but the Issuer ensures the availability of Georgian version before the issuance. In case of any conflict between the information presented in the Prospectus and the Agreement and/or Guarantee Agreement and/or the Mortgage Agreement and/or the Pledge Agreement, the Prospectus shall prevail. It should be noted, that English is the main language of communication for the purposes of the Guarantee Agreement, Mortgage Agreement and the Pledge Agreement.

Copies of the Agreement are available for inspection during usual business hours at the offices of the Bondholders' Representative and the Issuer, as indicated in the Prospectus. The Issuer and Bondholders' Representative should ensure that Agreement is available at their offices and shared with investors are the same. In addition to the Prospectus, including these Terms and Conditions, the Bondholders (as defined below), and in certain cases (envisaged by the Prospectus, including these Terms and Conditions), the Account Providers for the Bonds, are entitled to the benefit of, are bound by, and are deemed to be subject to the relevant terms of the provisions of the Agreement and such terms apply to them.

Calculation of principal and interest in respect of the Bonds will be made in accordance with a Calculation Agency Agreement (same as agreement between the Calculation Agent and the Issuer) between the Issuer and Galt and Taggart as calculation agent (the "**Calculation Agent**"). Each Bondholder is entitled to inspect a copy of the Calculation Agency Agreement, which will be available at the specified office of the Calculation Agent (also in electronic form, in case requested from Calculation Agent and Issuer from indicated emails, as specified in the section "A list of documents mentioned/indicated in the registration document") and is deemed to have notice of, and be bound by, all the provisions of the Calculation Agency Agreement applicable to them. The payments of the principal and interest in respect of the Bonds will be made in accordance with and pursuant to the Georgian legislation that is in force at the relevant time.

Offering Period: As determined by the Term Sheet Document (the "**Offering Period**").

Transferability/Free circulation of the securities: For the securities represented/being offered by this Prospectus, there are no restrictions on the transferability/free float.

1. FORM, NOMINAL AMOUNT, TITLE AND SECURITY

The Bonds are issued in dematerialized form and will exist only as an entry/record on the securities account. Nominal value of a single bond is 1,000 GEL.

Crediting dematerialized securities on the securities account opened for the Bondholders creates title of the Bondholders over those dematerialized securities that are credited on their respective individual segregated accounts opened with the Depository or the Account Provider. The title to the dematerialized securities is evidenced by the credit balance on the securities account which is confirmed by the account extract issued by the respective Account Provider.

Crediting dematerialized securities to a securities account opened for the Bondholders / the Investors creates the proportional co-ownership rights of the Bondholder / the Investor in relation to the number of Bonds credited to such securities account, proportionally to the entirety of the identical bonds credited on the omnibus segregated account with the Depository or the Account Provider, on which the Bonds of the corresponding Bondholders / Investors are credited.

The Bonds are secured with mortgage over the Immovable Property (as defined below) owned by the Issuer's direct or indirect subsidiaries / the Immovable Property Owners, as defined in these Terms and Conditions and the Mortgage Agreement, and with pledge over the Movable Property (as defined below) owned by the Issuer's direct or indirect subsidiaries / the Movable Property Owners, as defined in these Terms and Conditions and the Pledge Agreement, and guaranteed by the joint and several suretyship issued by Guarantors, based on which the Guarantors are under an obligation to jointly and severally satisfy all due and unfulfilled obligations of the Issuer, under the terms of this Prospectus and the relevant Guarantee Agreement.

As per the Mortgage Agreement, the Immovable Property Owners encumber with a first ranking security interest the following assets for the benefit of the Bondholders: (i) the immovable properties - the land plots (the "**Immovable Property**") described in detail in the Mortgage Agreement; (ii) all improvements thereon, including any and all buildings, constructions, and other constituent parts (fixtures) of the Immovable Property, whether

currently existing or arising in the future; (iii) any movable items designated to serve the Immovable Property and functionally connected to it through a common economic purpose, thereby forming a spatial and functional unit with the Immovable Property as the principal asset. The first ranking mortgage entails the rights of Bondholders, in comparison with other creditors, to obtain satisfaction preferentially, should a Event of Default under this Prospectus occur. Upon enforcement, the proceeds generated from the sale of the property shall be distributed among each Bondholder pro rata to their claim before the Issuer in accordance with the Mortgage Agreement.

As per the Pledge Agreement, the Movable Property Owners encumber with a first ranking security interest the movable properties described in detail in Schedule A of the Pledge Agreement and any movable thing intended for servicing the Movable Property and/or part of the property generated as a result of division of such asset/Movable Property (the “**Movable Property**”), for the benefit of the Bondholders. A detailed list and description of the pledged Movable Property is provided in the Pledge Agreement. The first ranking pledge entails the rights of Bondholders, in comparison with other creditors, to obtain satisfaction preferentially, should an Event of Default under this Prospectus occur. Upon enforcement, the proceeds generated from the sale of the Movable Property shall be distributed among each Bondholder pro rata to their claim before the Issuer in accordance with the Pledge Agreement.

As per the Guarantee Agreement, the Guarantors shall be liable to the Bondholders for the obligations of the Issuer by all their property (and not limited to the Secured Property, if applicable) pursuant to the terms of the Guarantee Agreement. Furthermore, upon the occurrence of the Event of Default as set forth under Condition 10 (*Events of Default*), the Guarantee grants the right to Bondholders to present a claim before each or all Guarantors without a need to attempt involuntary enforcement against the Issuer, in accordance with procedures set forth in Condition 12 (*Enforcement*). Guarantors shall be fully liable for performance of the Secured Obligations by the Issuer within the maximum amount of the principal of the Bonds, plus the accrued but unpaid coupon, and the sum of one year’s coupon, in any case subject to a maximum cap of GEL 420,000,000 (four hundred twenty million).

2. OFFERING AND PLACEMENT OF BONDS, EXECUTION OF GUARANTEE AGREEMENT, MORTGAGE AGREEMENT AND PLEDGE AGREEMENT, CHANGES TO THE OFFERING AND DISPOSAL OF BONDS

(a) Bond Offering Process

The Placement Agents (as defined in the Prospectus) carry out the offering of the Bonds on behalf of the Issuer and on the basis of the agreement (mandate letter) concluded with the Issuer. Before commencement of the public offering, in order to procure interest in the Bonds, the Placement Agents and/or their authorized intermediary/intermediaries are entitled to send the approved Prospectus and related materials to potential investors, while adhering to the relevant legislative requirements.

Following approval of the Prospectus by the National Bank of Georgia, the Issuer carries out the public offering of the Bonds in accordance with Georgian law. The category of potential investors to whom the Bonds can be offered is not limited. The Issuer, the Placement Agents and/or a financial intermediary(ies) involved in the placement process provide to potential investors, in accordance with their preference, electronic link to the Prospectus, its scanned or printed version. The Final Prospectus is provided to potential investors before or right after commencement of the sale of publicly offered Bonds or in the process of such sale. In addition, Final Prospectus shall reflect final coupon rate.

Potential investors may express interest in purchasing Bonds by submitting an application/notice to the Placement Agents. It is possible to express such interest via electronic means of communication or any other means accepted by the Placement Agents. The deadline for accepting the application(s) for Bonds is determined

unilaterally by the Placement Agents. If such deadline is not a Business Day, the preceding Business Day will be deemed as the final day for accepting the application(s).

The Bonds are offered to a wide range of investors interested in investing in Georgian Lari denominated securities.

If in the process of book-building the potential investors express interest in purchasing more Bonds than are being offered based on this Prospectus, such demand is being satisfied partially, in proportion to the numbers indicated in the relevant applications from the investors or otherwise, as determined by the Issuer at its discretion. Furthermore, if the application of a potential investor has been only partially satisfied, such potential investor is entitled to refuse or continue to participate in the process of purchasing the Bonds. The Placement Agents must be notified of such decision immediately no later than 2 pm (Tbilisi time) of the Business Day following the day when the investor was informed of correction of its application (with respect to the number of Bonds). Failure to notify the Placement Agents of such decision entitles the Placement Agent, at its discretion, to continue to consider the initial application of the investor (with respect up to full number of Bonds requested), or refuse the application.

Following completion of the book-building process, the Placement Agents make an announcement on completion of the offering and notify those investors (individually or as a group) whose applications (including those with corrected numbers) have been satisfied. Such notification must contain the final interest rate to be accrued on the Bonds and the number of Bonds in relation to which the purchase orders of potential investors have been satisfied. Prior to receiving such notice, the investor does not have the opportunity to start trading in securities. Upon announcement of the completion of the offering, the applications of potential investors that have been satisfied are irrevocable and binding upon such investors (the "**Subscribing Investors**"). The Issuer and/or the Placement Agents are empowered to place the Bonds at the Deferred Placement Price after the Issue Date till the end of the Offering Period (including the end of the aforementioned date). See details in Conditions, subsection 2(e).

For more information on the placement of Bonds, please refer to section of these Terms and Conditions titled "Placement" below.

It is not yet known to the Issuer whether the Issuer's management, members of the board of directors or supervisory board and/or significant shareholders (partners) will participate in the Bond offering. Also, the Issuer has no information about any person referred to in the first sentence of this paragraph who wants to subscribe more than 5% (five percent) of the Bond offering. Also, according to the Georgian legislation, persons with management functions and persons related to them shall not, neither to them nor to other person's benefit, enter into transactions on securities of this Issuer and/or other financial instruments related to the Issuer's securities at least 30 (thirty) calendar days prior to the publication by the Issuer of mandatory semiannual or annual report.

In case of excess amount paid by the applicants, the surplus paid is kept in the applicant's brokerage account. This amount is refunded according to the Placement Agents' standard procedures.

The Final Term Sheet, which is approved by the National Bank of Georgia, represents integral part of the Final Prospectus.

Subscribing Investors, except for those Subscribing Investors that are International Financial Institutions (as defined by the List of the International Financial Institutions, established by Ordinance №198 of the Government of Georgia, dated February 21st, 2014), are obligated to fully deposit the purchase amounts for the corresponding number of Bonds into the brokerage account no later than 1 (one) Business Day before the Issue and Placement Date. Those Subscribing Investors that are International Financial Institutions are permitted to deposit the purchase amounts for the corresponding number of Bonds into the brokerage account on the Issue Date or the Deferred Placement Date. The Subscribing Investor must open the said brokerage account with the placement agent, as the Account Provider (as defined below in "Definitions"). The delivery of the Bonds to the Subscribing Investor is made to the Subscribing Investor's account opened with the Account Provider or the Depository. After

the placement of the Bonds, the Bondholders may hold the Bonds in the form of an entry/record on the accounts opened with the Account Provider or the Depository. In exceptional cases, the Placement Agents may at their discretion allow the Subscribing Investor to place funds required for purchasing Bonds on the account of the Issuer held with the Placement Agents (instead of the Subscribing Investor's brokerage account with the relevant Placement Agent). The Bonds are delivered to the account of the Subscribing Investor held with the Depository or with the relevant authorised Account Provider.

(b) Purchase of Bonds by Strategic Investors

At the time of preparing the Prospectus, the Issuer is in discussions with certain development financial institutions and multi-lateral development banks (jointly, “**IFI**”) with a view to entering into framework (investment) agreements pursuant to which each IFI may purchase Bonds, subject to receipt of internal approvals and certain conditions as described in each framework agreement. Among other things, the framework agreements will include the Issuer's undertaking to comply with each IFI's policy requirements relating to matters including, but not limited to, environmental and social matters, sanctions, anti-money laundering, anti-corruption and fraud. Even if such framework agreements are entered into, none of the aforementioned IFIs is under an obligation to acquire any Bonds. Accordingly, when making any investment decision with respect to the Bonds or when purchasing the Bonds, potential investors should not rely on, nor take into consideration, the above-mentioned expression of interest or potential investment in the Bonds by the IFI. At the time of preparing the Prospectus, mentioned strategic investor IFIs are:

- International Finance Corporation (IFC)
- Asian Infrastructure Investment Bank (AIIB)

(c) Changes during Public Offering

If the Issuer decides to change information about the Bonds during public offering (period from the approval of the Term Sheet until the expiration of the Prospectus), the Issuer shall take necessary steps set out by the Securities Legislation.

(d) Execution of the Mortgage Agreement, Pledge Agreement and the Guarantee Agreement, Registration of the Mortgage and Pledge Agreements

The Guarantee Agreement, the Mortgage Agreement, and the Pledge Agreement must be notarised, whereby the notary shall certify both the identity and the authority of the signatories. As a result, the Bondholders shall have the right to act on the basis of a notarial writ of execution, ensuring the implementation of an efficient enforcement procedure with respect to the Guarantee and/or over any Secured Property if the Event of Default occurs. The Mortgage Agreement and the Pledge Agreement must be registered with the Legal Entity of Public Law – the National Agency of Public Registry (the “**Public Registry**”).

Due to the above stated, each Bondholder is required to appear before the notary, either in person or through an authorised representative, on the date determined by the Issuer and sign the Guarantee Agreement, the Mortgage Agreement and the Pledge Agreement.

In case of signing through an authorised representative, the relevant authority must be duly evidenced by a properly issued and certified authorising document (such as an excerpt, charter, etc.) and/or a notarised power of attorney (the “**Power of Attorney**”), the notarial deed of which shall confirm not only the identity of the person granting the Power of Attorney, but also the authority to sign on behalf of the Bondholder (if possible in the relevant jurisdiction where the Power of Attorney is being executed). If the Power of Attorney is issued abroad, it must either be apostilled (if the issuing country is a party to the Hague Convention Abolishing the Requirement

of Legalisation for Foreign Public Documents) or legalised by the Georgian consulate in the respective jurisdiction. Original versions of such documents must be submitted to the Issuer and the Placement Agent(s), and proper submission of these documents shall constitute a condition precedent to the relevant Bondholder being able to sign the Mortgage Agreement, Pledge Agreement, and Guarantee Agreement.

The Mortgage Agreement, the Pledge Agreement, and the Guarantee Agreement shall be executed on a date predetermined by the Issuer, of which the Initial Bondholder (as defined below) shall be notified in accordance with the procedure set out in Clause 14 (Notices) of these Terms and Conditions. The Issuer shall ensure that the Mortgage Agreement, the Pledge Agreement, and the Guarantee Agreement are executed within a reasonable period of time, but no later than 60 Business Days following the full placement of the issued Bonds to the Initial Bondholders. The Guarantee Agreement, the Mortgage Agreement, and the Pledge Agreement shall be executed simultaneously (on the same day). In order to secure the Issuer's existing financial liabilities, the refinancing of which is planned with the net proceeds from the Bond issuance, the first ranking pledge and mortgage rights are registered over the Secured Property in favor of third parties. The release of such first ranking pledge and mortgage rights over the Secured Property is the condition precedent for the execution of the Mortgage Agreement, the Pledge Agreement, and the Guarantee Agreement. The Issuer shall, within a reasonable period, but no later than [50] Business Days following the full placement of the Bonds issued to the Initial Bondholders, ensure the complete release of the pledge and mortgage rights registered over the Secured Property in favor of third parties.

For the avoidance of doubt, if (1) any Initial Bondholder or its representative fails to appear and/or, for any reason, is unable to sign the Mortgage Agreement and/or the Pledge Agreement and/or the Guarantee Agreement (including, but not limited to, failure to present all documents required by the notary, revocation, termination, expiry, or invalidity of the relevant power of attorney, or for any other reason whatsoever) at the date and location determined by the Issuer for the execution of the Mortgage Agreement and/or the Pledge Agreement and/or the Guarantee Agreement, and/or (2) if the appearance of the Bondholders is required at the Public Registry for the purposes of registration and/or execution of the Mortgage Agreement and/or the Pledge Agreement, and the Initial Bondholder or its representative fails to appear and/or is unable to complete the registration of the mortgage and/or the pledge arising from the Mortgage Agreement and/or the Pledge Agreement with the Public Registry, then such Initial Bondholder shall forfeit its claim/right to request execution of, accession to, or inclusion under the Mortgage Agreement and/or the Pledge Agreement and/or the Guarantee Agreement. In the event that, due to any of the circumstances described in this paragraph, an Initial Bondholder does not sign the Mortgage Agreement and/or the Pledge Agreement and/or the Guarantee Agreement, this shall not affect the validity or enforceability of the Mortgage Agreement and/or the Pledge Agreement and/or the Guarantee Agreement for those Initial Bondholders who do duly execute such agreements. For those Bondholders, the respective agreements shall be considered effective and binding.

With respect to investors who acquire the Bonds on the secondary market (each a "**Subsequent Bondholder**"), such Bondholders shall automatically accede to the Guarantee Agreement upon acquisition of the Bonds (i.e., the terms and conditions, rights, and obligations set forth in the Guarantee Agreement shall automatically apply to them by virtue of acquiring the Bonds), without the need to sign the Guarantee Agreement or any related document. In order for any Subsequent Bondholder to become a party to the Mortgage Agreement and/or the Pledge Agreement, and to be entitled to the rights and bound by the obligations arising therefrom, such Subsequent Bondholder shall enter into a deed of accession (the "**Deed of Accession**") with the Bondholder from whom the Bonds are acquired no later than 60 Business Days following the acquisition of the Bonds on the Secondary Market. For the avoidance of doubt, if a Subsequent Bondholder wishes for its claims under the Bonds to be secured in accordance with the terms of the Mortgage Agreement and/or the Pledge Agreement, execution of a Deed of Accession is mandatory. However, execution of the Deed of Accession is not a prerequisite for the Subsequent Bondholder to obtain legal title to the Bonds. Furthermore, the execution or non-execution of the Deed of Accession to the Mortgage Agreement and/or the Pledge Agreement, and the handling of any related

procedures, where relevant, shall be the sole responsibility of the Subsequent Bondholder and the Bondholder from whom such Bonds are acquired, and shall under no circumstances constitute an obligation of the Issuer and/or the Placement Agents.

The form of the Deed of Accession for both the Mortgage Agreement and the Pledge Agreement is attached to this Prospectus.

In the event of any inconsistency between the Prospectus and the Guarantee Agreement, Mortgage Agreement or the Pledge Agreement the Prospectus shall prevail.

In the event of additional questions related to the above procedures, the Bondholders can directly contact the Issuer and/or the Placement Agents.

(e) Disposal of the Bonds

The Bonds may be disposed of in accordance with the legislation of Georgia (including the Securities Market Law) within the jurisdiction of Georgia. Disposal of and transfer of title to the Bonds shall be valid only if after such disposal, the bonds are credited on the securities account opened for the Bondholder. After placement of the Bonds, the Issuer is authorized to submit an application to the GSE for the Bonds to be admitted to listing on the GSE's official list and to trading on GSE. In case of a positive decision on such admission, the Bonds may be traded on the GSE pursuant to the GSE rules and applicable securities laws for securities admitted for trading on the GSE. For avoidance of any doubt, decision on admission of the Bonds to the GSE's official list and trading does not require any approval or consent from the Bondholders or the Bondholders' Representative.

The full or partial transfer of Bonds held by individual Bondholders is allowed provided that after such disposal, the bonds are credited on the securities account opened for the Bondholder. In the event of full or partial transfer of the Bonds, the transferor of the Bonds shall ensure that the transferee is informed that the Prospectus and the Agreement with the Calculation Agent constitutes an integral part of the Bonds. This responsibility rests solely with the transferor of the Bonds, without any liability on the part of the Issuer or the securities account provider maintaining the securities account for the Bondholder. The Bondholders and investors interested in acquiring the Bonds hereby acknowledge that, in the event of partial transfer of the Bonds, the Public Registry may require amendments to be made to the relevant agreements in order to register the transferee of the mortgage and pledge rights. In such cases, other Bondholders shall be obliged to appear at the Public Registry or before a notary, execute the amendments to the Mortgage Agreement and/or the Pledge Agreement, and fully comply with all necessary requirements and formalities, the costs of which shall be borne by the transferor and/or transferee of the Bonds, as agreed between them. To ensure the exercise of this authority, each Bondholder who is not an Institutional Investor (a retail Bondholder) shall grant a power of attorney to the Bondholders' Representative concurrently with the execution of the Mortgage Agreement and the Pledge Agreement, authorising the Bondholders' Representative to sign amendments to the Mortgage Agreement and/or Pledge Agreement relating to changes in the parties to such agreements. Such power of attorney shall remain valid throughout the entire term of the Bonds.

Institutional Investors shall grant a similar power of attorney to their legal counsel and shall ensure that such legal counsel is continuously available in Georgia.

In the event that, upon the transfer of the Bonds, it becomes necessary for other Bondholders existing at the time of transfer to appear and execute amendments to the Mortgage Agreement and/or the Pledge Agreement, and any such Bondholder fails to ensure the appearance of its representative due to revocation, expiry, or any other reason preventing the exercise of the relevant Power of Attorney, such Bondholder shall incur a penalty **in the amount of 0.05% of interest accrued on the Bonds held by such Bondholder** for each day of delay. The Issuer shall be entitled to withhold such penalty amount from any amounts payable under this Prospectus.

The Bonds may be transferred only within the territory of Georgia and in accordance with the laws of Georgia (including the Law on Securities Market). The transfer of ownership title to the Bonds shall be valid only if such transfer results in the crediting of the Bond(s) to the securities account opened in the name of the Bondholder. For the avoidance of doubt, execution of a Deed of Accession under the Mortgage Agreement and/or the Pledge Agreement is not a precondition for the registration of ownership title to the Bonds, but rather a prerequisite for the creation of rights under the Pledge Agreement and the Mortgage Agreement.

(f) Price Setting and Determination of the Interest (Coupon) to be Accrued

Final amount of offering for prospective investors in the process of offering of the Bonds are determined in light of the expressed demand for purchase of the Bonds (as a result of book-building) in accordance with the procedure set out in Condition 2(a).

The final interest rate (coupon) payable on the nominal value of the Bonds shall be determined during the Bond offering process to potential investors, based on the volume and terms of demand expressed for the purchase of the Bonds (as a result of Book-building). The final interest rate (coupon) shall be within the range specified in the Preliminary Term Sheet (which is provided to potential investors during the offering process). Within the framework of a public offering, it is prohibited to commence the offering (Book-building) without submitting the Preliminary Term Sheet to the National Bank of Georgia and without making such document public. Additionally, the determination of the final interest rate (coupon) within the limits set forth in Preliminary Term Sheet shall not constitute a material change and shall only be included in the Final Prospectus

(g) Placement

The Issuer and/or the Placement Agents are empowered to place the Bonds at the Deferred Placement Price after the Issue Date till the date of the expiry of the offer (including the end of the aforementioned date). The deferred placement of the Bonds will take place at the Deferred Placement Price. The investors are allowed to express interest to acquire the deferred Bonds by providing application/notice to the Placement Agent. Notifying the agent about the willingness to purchase the Bonds is possible through electronic means of communication and/or by any other means allowed by the Placement Agent.

Subscribing Investors and those investors, who acquire the Bonds at the Deferred Placement Date (hereinafter, collectively the “**Investors**”), except for those Subscribing Investors that are International Financial Institutions (as defined by the List of the International Financial Institutions, established by Ordinance №198 of the Government of Georgia, dated February 21st, 2014), must place the funds required for purchasing relevant number of Bonds on broker account in full no later than 1 (one) Business Day before the Issue Date or before the Deferred Placement Date. Those Subscribing Investors that are International Financial Institutions are permitted to deposit the purchase amounts for the corresponding number of Bonds into the brokerage account on the Issue Date or the Deferred Placement Date. The Investor shall open such brokerage accounts with the Placement Agent. The delivery of the Bonds to the Investors will be made to the Subscribing Investor’s and/or the Potential Investor’s account opened with the Account Provider or the Depository. In exceptional cases, the Placement Agents may at their discretion allow the Investor to place funds required for purchasing Bonds on the nominal holding account of the Issuer held with the Placement Agents (instead of the Investor’s brokerage account with the relevant Placement Agent). The Bonds are delivered to the account of the Investor held with the Depository or with the relevant authorised Account Provider.

Following placement of the Bonds, the Bondholders are entitled to hold the Bonds in the form of an entry/record on account(s) open with the Account Provider or the Depository.

The Issuer will not issue the Bonds defined in this Prospectus and/or annul all the issued Bonds (if any) by returning the money paid by Bondholders for the purchase of the Bonds, if a minimum amount is not subscribed and placed on the Issue Date.

If total number of the Bonds, defined by the Final Prospectus, will not be placed by the end of the offering date, unplaced Bonds shall be annulled (cancelled) and the Issuer of Bonds will provide National Bank of Georgia with information about placed Bonds and listing on the stock exchange – if securities are permitted to the stock exchange and will announce it in accordance with Georgian legislation.

(h) Admission of Securities to Trading on the Stock Exchange

Once the Bonds have been placed, the Issuer intends to apply to the GSE for the admittance of the Bonds to the trading system and listing on the GSE.

3. STATUS

The Bonds constitute obligations of the Issuer guaranteed by the Guarantee Agreement, and secured by a mortgage over Immovable Property owned by the Immovable Property Owners and a pledge over Movable Property owned by the Movable Property Owners and shall at all times rank *pari passu* and without any preference among themselves, considering that the Bonds will be secured by a first-ranking mortgage in accordance with the Mortgage Agreement and by a first-ranking pledge in accordance with the Pledge Agreement. At all times, claims against the Issuer under the Bonds shall rank with priority in the order of payments in accordance with the relevant Mortgage and Pledge Agreements, except for those other claims that are given preference by mandatory provisions of the Governing Law.

4. APPOINTMENT OF BONDHOLDERS' REPRESENTATIVE

(I) By purchasing the Bonds (whether as an initial Bondholder, or as an acquirer (transferee) from an initial Bondholder), each Bondholder and/or Account Provider appoints the Bondholders' Representative to act as its agent in all matters relating to the Bonds and in particular those regulated by Condition 5 below and the Agreement (save for declaration of the Bonds due and payable in accordance with Condition 10 (*Events of Default*) and commencement of enforcement process), and authorises the Bondholders' Representative to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions, the Agreement and/or applicable laws) in any legal proceedings relating to the Bonds held by such Bondholder and/or such Account Provider.

(II) Each Bondholder and/or Account Provider shall immediately upon request provide the Bondholders' Representative with any such documents, including a written power of attorney (in form and substance satisfactory to the Bondholders' Representative), that the Bondholders' Representative deems necessary for the purpose of exercising its rights and/or carrying out its duties under, and protecting the Bondholders' interest pursuant to these Terms and Conditions, the Agreement, the Guarantee Agreement, the Mortgage Agreement and the Pledge Agreement (save for declaration of the Bonds due and payable in accordance with Condition 10 (*Events of Default*) and commencement of enforcement process). The Bondholders' Representative is under no obligation to represent a Bondholder which does not, or whose Account Provider does not, comply with such request.

(III) Bondholders (or an Account Provider on behalf of a Bondholder) may act directly against the Issuer, the Guarantors, the Immovable Property Owners and/or the Movable Property Owners only in cases provided for in

the Conditions. This shall not affect or cancel the ability of the Bondholders' Representative to receive any information hereunder and issue consents/refusals in relation to rights hereunder in consideration of the fact that should the Event of Default occur, the Bondholders' Representative shall act only in accordance with the relevant resolution as set forth under Condition 10 (*Events of Default*) and within the authorization granted thereunder, if any.

5. COVENANTS

(a) Negative Pledge:

So long as any Bonds remain Outstanding, the Issuer shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur or suffer to exist (i) any Liens (or other legal limitation), other than Permitted Lien, on or over any of its or their assets now owned or hereafter acquired, securing any Indebtedness, unless, in addition, the Issuer's obligations under the Bonds are secured at least equally and rateably with such other Indebtedness or have the benefit of such security or other arrangements, as the case may be, as are satisfactory to the Bondholders' Representative or are approved by an Extraordinary Resolution of the Bondholders, and (ii) any Liens (or other legal limitation) on all or any part of the Secured Property in favour of any person except for the Bondholders (other than the Liens on the Secured Property in existence on the Issue Date, which shall be released and deregistered in full within [50] Business Days of the Issue Date and in any case prior to the execution of the Pledge Agreement and the Mortgage Agreement), notwithstanding anything to the contrary under these Conditions.

(b) Continuance of Business, Maintenance of Authorisations and Legal Validity:

(I) The Issuer shall, and shall procure that each of its Material Subsidiaries shall, take all necessary actions to obtain, and do or cause to be done all things necessary to ensure the continuance of its corporate existence (except as otherwise permitted by Condition 5(c) (*Mergers*)), and its business and the use of all material intellectual property relating to its business as well as all consents, licences, approvals and authorisations necessary in that regard.

(II) The Issuer shall do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents and take or cause to be taken all measures required by the laws and regulations of Georgia to enable it lawfully to perform its obligations under the Bonds, the Agreement, the Mortgage Agreement, the Pledge Agreement, and Guarantee Agreement, and to ensure the legality, validity, enforceability or admissibility in evidence in Georgia of the Bonds, the Agreement, the Mortgage Agreement, the Pledge Agreement, and the Guarantee Agreement.

(c) Mergers:

(I) The Issuer, without the prior written consent of the Bondholders, who own individually or collectively, (directly or through Account Provider) at least 67% (sixty seven percent) of Outstanding Bonds, shall not (c.1) enter into any reorganisation (whether by way of a merger, division, or transformation to another legal form) or undergo any other type of corporate reconstruction or (c.2) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, sell, convey, transfer, lease or otherwise dispose of, all or an important part, and in any event no more than 10% (ten percent) of the Issuer's Consolidated Total Assets within each fiscal year, of the Issuer's properties or assets (determined on a consolidated basis), unless, in any case:

(i) immediately after the transaction referred to in (c.1) or (c.2) above:

- a. the resulting or surviving person or the transferee (the "**Successor Entity**") shall be the Issuer or, if not the Issuer, the Successor Entity shall expressly assume in form and substance satisfactory to the Bondholders' Representative, executed and delivered to the Bondholders' Representative, all the rights and obligations of the Issuer under the Bonds and the Mortgage Agreement, the Pledge Agreement and the Guarantee Agreement in all material respect; and
- b. the Successor Entity (if not the Issuer) shall retain or succeed to all of the rights and obligations of the Issuer under all of its material governmental permits, licences, consents and authorisations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates.

(ii) no Event of Default or Potential Event of Default shall have occurred and be continuing or result therefrom; and

(iii) the relevant transaction referred to in (c.1) or (c.2) above does not result in a Material Adverse Effect.

(II) The Issuer shall procure that no Material Subsidiary will, without the prior written consent of the Bondholders who own individually or collectively (directly or through Account Provider) at least no less than 67% (sixty seven percent) of Outstanding Bonds: (c.1) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation) or undergo any other type of corporate reconstruction or (c.2) in a single transaction or a series of related transactions, directly or indirectly, consolidate or merge, sell, convey, transfer, lease or otherwise dispose of, all or substantially all of the relevant Material Subsidiaries' properties or assets, unless, in any case:

(i) immediately after the transaction referred to in (c.1) or (c.2) above:

- a. such Material Subsidiary shall be the Successor Entity; or
- b. the Successor Entity (if not such Material Subsidiary) shall retain or succeed to all of the rights and obligations of the relevant Material Subsidiary under all of its material governmental permits, licences, consents and authorisations and shall be in compliance with all material regulatory requirements in each of the jurisdictions in which it operates;

(ii) no Event of Default or Potential Event of Default shall have occurred and be continuing or result therefrom; and

(iii) the relevant transaction referred to in (c.1) or (c.2) above shall not result in a Material Adverse Effect.

(III) Notwithstanding the foregoing, the Issuer or any Material Subsidiary or any wholly-owned Subsidiary is authorized, solely for the purposes of intragroup reorganization, to consolidate with, merge with (in any form of reorganisation) the Issuer or a Subsidiary or a Material Subsidiary (which after the transaction described herein will be deemed to be a Material Subsidiary for the purposes of this Prospectus) or enter into any intragroup reorganisation (whether by way of a merger, accession, division, separation or transformation) or sell, alienate, transfer, lease or otherwise dispose of, in one transaction or a series of related transactions, directly or indirectly, all or substantially all of its assets. For the avoidance of any doubts, any surviving or acquiring entity that is not the Issuer, a Material Subsidiary, or an existing Guarantor or a security provider under the Mortgage Agreement, Pledge Agreement or the Guarantee Agreement shall, as a condition of such transaction, expressly assume all obligations of the outgoing entity under the Bonds, the Mortgage Agreement, Pledge Agreement and/or the Guarantee Agreement, as applicable.

(IV) Notwithstanding the foregoing, Condition 5(c)(I) and (II) shall not apply to (i) transactions between the Issuer and any of its wholly-owned Subsidiaries, (ii) the leasing, sale and disposal of assets in the ordinary course of conducting its business, or (iii) any present or future assets or revenues or any part thereof that are subject to

any securitisation or any receivables, asset-backed financing or similar financing structure whereby all payment obligations are to be discharged solely from such assets or revenues, provided that the value of such assets or revenues when aggregated with the total value of revenues does not, at any time and in any fiscal year in aggregate, exceed 5% (five percent) of the Issuer's [Consolidated Total Assets], determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period.

(d) Disposals:

(I) Notwithstanding anything to the contrary under these Terms and Conditions, the Issuer shall not, and shall ensure that:

(i) none of the Immovable Property Owners will sell, convey, transfer, or otherwise dispose of all or any part of the Immovable Property mortgaged in accordance with the Mortgage Agreement without the prior written consent of the Bondholders;

(ii) none of the Movable Property Owners will sell, convey, transfer, or otherwise dispose of all or any part of the pledged assets under the Pledge Agreement and/or any replacement thereof without the prior written consent of the Bondholders: (a) to any Person other than to the Issuer and/or any other Movable Property Owner, or (b) other than for the purpose of replacement provided that the new/replacement assets is comparable or superior as to type, value and quality to the replaced assets, and the title to such new/replacement assets is held by the Issuer and/or the Movable Property Owners, and the Bondholders are granted the pledge over such new/replacement assets in accordance with the Pledge Agreement and Governing Law.

(iii) Notwithstanding anything to the contrary in these Terms and Conditions, any Immovable Property Owner and/or any Movable Property Owner may, in the ordinary course of its business and on arm's length terms, enter into lease agreements and lease the Secured Property, provided that such lease must constitute an operating lease under IFRS 16 (or any successor accounting standard), and shall not constitute, nor be reclassified as, a finance lease under IFRS 16 (or any successor accounting standard). For the avoidance of doubt, the latter clause shall be interpreted to mean that any such lease contract must not result in derecognition of the leased property from the lessor's balance sheet and must not require reclassification of the underlying asset as a lease receivable rather than as the underlying asset (being real estate or other fixed asset, as applicable).

(II) Notwithstanding anything to the contrary under these Terms and Conditions but subject to the restrictions over the Secured Property set forth under Condition 5(d)(I), the Issuer shall not, and shall ensure that none of its Subsidiaries will sell, convey, transfer, or otherwise dispose of, to a Person other than the Issuer or a Subsidiary of the Issuer, as the case may be, by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or assets (other than the Secured Property set forth under Condition 5(d)(I)), unless:

(d.1) each such transaction is on arm's-length terms for the Fair Market Value; and

(d.2) with respect to any such transaction providing for a disposal of assets constituting more than 10% (ten percent) of the Consolidated Total Assets of the Issuer determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, the Issuer shall, prior to the disposal, provide the Bondholders' Representative a written opinion from an Independent Appraiser to the effect that the transaction is at the Fair Market Value; and

(d.3) at least 75% (seventy-five percent) of the consideration received by the Issuer or its relevant Subsidiary is in the form of cash or Cash Equivalents; or

(d.4) in case only provisions (d.1) and (d.2) of the Condition 5 (d) (I) are met, the Issuer shall require the prior written consent of Bondholders who own individually or collectively (directly or through Account Provider), at least 67% (sixty seven percent) of the Outstanding Bonds.

(III) Condition 5(d) (II) shall not apply to:

- (i) any transaction between the Issuer and any of its wholly-owned Subsidiaries;
- (ii) any lease, sale and disposal of assets in the ordinary course of conducting its business and operations;
- (iii) any present or future assets or revenues or any part thereof that are the subject of any securitisation or any receivables, asset-backed financing or similar financing structure and whereby all payment obligations are to be discharged solely from such assets or revenues, provided that the value of such assets or revenues, which are the subject of the relevant financing structure when aggregated with the value of all assets or revenues does not, at any time and in any fiscal year in aggregate, exceed 5% (five percent) of the Issuer's Consolidated Total Assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period;
- (iv) any transaction the net proceeds of which, from such disposals in any 3 (three) consecutive fiscal years in aggregate, do not exceed 10% (ten percent) of the Consolidated Total Assets of the Group determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period.

(IV) Notwithstanding Clauses 5(d)(II) and 5(d)(III), 100% of the net proceeds from any disposals within 12 months of such disposals shall be applied to one or more of the following:

- (i) reinvestment in the Issuer's core operations; or
- (ii) investment in Cash and Cash Equivalents; or
- (iii) making a tender offer to Bondholders to repurchase the Bonds on a non-mandatory basis at market price prevailing as of the offer date, plus accrued and unpaid interest, on a pro rata basis.

(e) Transactions with Affiliates

(I) The Issuer shall not, and shall ensure that none of its Material Subsidiaries will, directly or indirectly, conduct any business, enter into or permit to exist any transaction (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (an "**Affiliate Transaction**"), including loans, unless the terms of such Affiliate Transaction are (taking into account the standing of the relevant Affiliate) no less favourable to the Issuer or such Material Subsidiary, as the case may be, than those that could be obtained in a comparable arm's-length transaction for the Fair Market Value with a Person that is not an Affiliate of the Issuer or any of its Material Subsidiaries.

(II) With respect to an Affiliate Transaction or a series of related Affiliate Transactions involving aggregate payments or value in any 12-month period in excess of GEL 8 million, or 2% (two percent) of the Consolidated Total Assets of the Group determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, whichever is lower, the Issuer shall, prior to the relevant Affiliate Transaction, deliver to the Bondholders' Representative a written opinion from an Independent Appraiser to the effect that such Affiliate Transaction (or series of Affiliate Transactions) is/are at Fair Market Value and is/are fair from a financial point of view to the Issuer or the relevant Material Subsidiary, as the case may be.

(III) The following items shall not be deemed to be Affiliate Transactions and therefore shall not be subject to the provisions of (I) and (II) above:

- (i) any employment agreement entered into by a member of the Group in the ordinary course of business and consistent with the past practice of such member of the Group;
- (ii) transactions between or among the Issuer and the Guarantors;
- (iii) payment of reasonable directors' fees to Persons who are not otherwise Affiliates of the Issuer;
- (iv) any Subordinated Shareholder Funding;
- (v) Hedging Obligations entered into from time to time for bona fide hedging purposes and not for speculative purposes of the Issuer and the Material Subsidiaries and the unwinding of any Hedging Obligations;
- (vi) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers or other providers of goods or services, or lessors or lessees of property, in each case in the ordinary course of business and otherwise in compliance with the terms of these Conditions which are fair to the Issuer or its Material Subsidiaries or on terms at least as favourable to the Issuer or its Material Subsidiaries as might reasonably have been obtained at such time from an unaffiliated party (in each case, as determined in good faith by a responsible accounting or financial officer of the Issuer).

(f) Payment of Taxes and Other Claims:

The Issuer shall, and shall ensure that its Material Subsidiaries will, pay or cause to be paid, before the same shall become overdue all Tax levied or imposed upon, or upon the income, profits or property of, the Issuer and/or its Material Subsidiaries, provided that for the purposes of this Prospectus neither the Issuer nor any Material Subsidiary shall be required to pay or cause to be paid any such Tax or similar claims (a) the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS or other appropriate provision has been made; or (b) the amount of which, together with all such other unpaid Tax or similar claims, does not in the aggregate exceed US\$ 3 (three) million (or an equivalent amount in any other currency or currencies).

(g) Restricted Payments:

(I) The Issuer shall not, and shall procure and ensure that each of its Subsidiaries will not, (g.1) declare or pay any dividend in cash or otherwise or make any other distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital, other than dividends or distributions payable to the Issuer or any of its Subsidiaries (and, if a Subsidiary is not a wholly-owned Subsidiary of the Issuer, to the other holders of its share capital on a pro rata basis); or (g.2) directly or indirectly voluntarily purchase, redeem or otherwise retire for value any shares or share capital of the Issuer (any such action in (g.1) or (g.2) being, a "**Restricted Payment**"), unless, at the time of and after giving effect to such Restricted Payment at the time of such payment no Event of Default or Potential Event of Default has occurred and is continuing or would result therefrom; and such Restricted Payments would not result in the Consolidated Net Leverage Ratio for the Issuer's most recently ended 4 (four) full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such payment occurs (on a pro forma basis after giving effect to any such Restricted Payment) exceeding 3.0 to 1.0;

and

such Restricted Payment, when aggregated with all other Restricted Payments previously made since the Issue Date, do not exceed the sum of:

- (a) 50% (fifty percent) of the Issuer's Consolidated Net Income for the period beginning on January 1, 2025 and ending on the last day of the preceding fiscal year or semi-annual financial period; and
- (b) 100% (one hundred percent) of the aggregate net proceeds received by the Issuer since the Issue Date from the issuance or sale of its shares and the conversion or exchange of any Indebtedness of the Issuer into or for shares of the Issuer.

(II) Condition 5(g)(I) above will not prohibit:

- (a) Usage or disposal of proceeds from the Bond issuance or making payments with them in accordance with the section "Reasons for the Offer and Use of Proceeds" of this Prospectus;
- (b) Any payment related to the repurchasing or redemption of the Bonds, by, on behalf of, or for the benefit of the Issuer and/or Subsidiaries;

(h) Indebtedness:

(I) The Issuer shall not, and shall not cause or permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness (including Acquired Debt), except for the Indebtedness created as a result of the Bond issuance in accordance with this Prospectus or issue any Disqualified Stock and will not permit any of its Subsidiaries to issue any shares of Preferred Stock, unless the Consolidated Net Leverage Ratio for the Issuer's most recently ended 4 (four) full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such additional Indebtedness is incurred (on a pro forma basis after giving effect to any such Indebtedness) is less than 3.0 to 1.0 for any such incurrence of Indebtedness.

(II) So long as no Potential Event of Default or Event of Default has occurred and is continuing, Condition 5(h)(I) above will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):

- (A) The incurrence by the Issuer or any Subsidiary of Loan Obligations in an aggregate principal amount at any time outstanding not to exceed GEL 40 million (or an equivalent amount in any other currency or currencies). For the avoidance of any doubt, such "Permitted Debt" does not limit the Subordinated Shareholder Funding.
- (B) The incurrence of Lease Obligations (according to IFRS 16) in an aggregate principal amount at any time outstanding not to exceed 8% of the Issuer's Consolidated Total Assets.

(iii) The Issuer shall not, and shall not permit any of its Subsidiaries to, enter into any derivative transaction, except for Hedging Obligations entered into in the ordinary course of business and not for speculative purposes.

(h.1) Permitted Acquisitions

(I) The Issuer shall not purchase or otherwise acquire a business or a property (other than purchases of inventory, materials and equipment in the ordinary course of business), except Permitted Acquisitions. "**Permitted Acquisition**" means: the acquisition by the Issuer or a Subsidiary of the Issuer of a business or a property general nature of whose business is similar to that of the Issuer, provided that after giving effect to such Permitted Acquisition the Consolidated Net Leverage Ratio of the Issuer and the acquired business for the most recently ended 4 (four) full fiscal quarters for which consolidated financial statements prepared in accordance with IFRS are available immediately preceding the date on which such Permitted Acquisition is made is less than 3.0 to 1.0 for any such acquisition.

(II) So long as no Potential Event of Default or Event of Default has occurred and is continuing, Condition 5(h.1)(I) will not prohibit purchase or otherwise acquisition of a business or a property general nature of whose business is similar to that of the Issuer provided that such purchase or acquisition is fully financed by subordinated

funding. For the avoidance of doubt, such subordinated funding should be fully subordinated to the Bonds in right of payment and liquidation, and no payments on such subordinated funding shall be made unless and until the Bonds have been irrevocably and fully repaid and discharged.

(III) Notwithstanding the provisions of Condition (h.1)(I) and (h.1)(II), any acquisition financed by subordinated funding shall be undertaken only where the target business is determined by the Issuer to be value-accretive. For the purposes of this Condition, "value-accretive" shall mean the target business has, in each case, a positive EBIT or(ii) the Issuer has identified cost optimization measures including, without limitation, the elimination of duplicative expenses (e.g., administrative costs) and the reduction of procurement costs through economies of scale, such as more favorable inventory purchasing terms, that, once implemented, are expected to result in a positive EBIT for the target business. Upon request by the Bondholders' Representative, the Issuer shall provide a written summary and supporting spreadsheet calculations demonstrating the basis on which the acquisition was determined to be value-accretive under this paragraph.

(i) Information Disclosure:

(I) The Issuer hereby undertakes that:

(i) After the end of the financial year, but not later than 15th of May, it will disclose the Issuer's audited annual financial statements prepared in accordance with IFRS in accordance with the Securities Legislation;

(ii) After the end of the second quarter of each of the financial years, but not later than 30th of August, it will disclose the Issuer's unaudited interim financial statements for 6 (six) months, prepared in accordance with IFRS in accordance with the Securities Legislation;

(iii) Comply with other current or periodic reporting requirements as defined by Securities Legislation.

(II) For the purposes of Condition 5 (i)(I) of this Condition 5, the Issuer will be considered to have delivered aforementioned information to the Bondholders, if such information has been made publicly available in accordance with applicable legislation;

(III) If the Bondholders' Representative or Bondholder(s), who own(s) (directly or through Account Provider) more than 15% (fifteen percent) of the Outstanding Bonds, shall assume, that the Potential Event of Default or Event of Default has occurred, they can demand written information regarding the Event of Default or Potential Event of Default from the Issuer and the Issuer is obligated to disclose this information to these Bondholders. The written demand can be presented as one document signed by Bondholders or Account Provider or as many documents with the same contents. This type of demand can also be received through the decision of the Bondholders' meeting.

(IV) The Issuer hereby undertakes to deliver a Covenant Compliance Certificate at the same time as it delivers the financial information required under paragraph (I) above.

(V) So long as any Bond remains Outstanding, the Bondholders' Representative or each Bondholder may request that the Issuer provide an updated valuation of the Secured Property prepared by the Independent Appraiser once in any 12 (twelve) month period. Upon such request, the Issuer shall provide the most recent valuation available, provided that such valuation has been conducted within the preceding 12 (twelve) months from the request. If no such valuation is available, the Issuer shall procure and deliver a new valuation prepared by the Independent Appraiser within 1 ([one]) month in accordance with the terms of the Pledge Agreement and the Mortgage Agreement.

(j) Maintenance of Insurance:

The Issuer and its Material Subsidiaries shall, keep those of their properties which are of an insurable nature insured with insurers, believed by the Issuer or such Material Subsidiary to be of good standing, against loss or damage to the extent that property of similar character is usually so insured by companies in Georgia similarly situated and owning comparable properties.

(k) Compliance with Governing Law:

The Issuer will at all times comply, and shall procure that each of its Material Subsidiaries complies at all times, in all material respects with all provisions of Governing Law, including directives of governmental authorities and regulations.

(l) Change of Business:

The Issuer shall procure that no material change is made to the general nature of the business of the Group, taken as a whole, from that carried on at the Issue Date.

(m) Guarantor Coverage Requirement

The Issuer shall ensure that, at all times, the Issuer and the Guarantors (the “**Obligor Group**”), on a standalone basis and net of intragroup transactions, collectively account for not less than 90% (ninety percent) of:

- (i) the Consolidated Total Assets,
- (ii) the Consolidated EBITDA for the last 4 (four) consecutive quarters of the Issuer, in each case determined by reference to the most recent consolidated annual audited or quarterly unaudited financial statements prepared in accordance with IFRS.

If, at any time, the Obligor Group ceases to satisfy the above coverage test, the Issuer shall procure that one or more additional Subsidiaries accede to the Guarantee Agreement as Guarantors within 30 days of the earlier of (i) the date on which such shortfall is known to the Issuer or (ii) the date on which it is reported in the next scheduled financial statements, in order to restore compliance.

(n) Maintenance Covenants

(A) The Issuer shall ensure that it maintains Cash and Cash Equivalents in at least the following minimum amounts on its consolidated balance sheet for the respective periods set out below:

- i. From the issue date of the Bonds till 31 December 2025: GEL 25 million, if the Consolidated Net Leverage Ratio (as of the date of the most recent financial statements) is equal to or less than 4.2 to 1.0 ratio; otherwise, GEL 40 million;
- ii. From 1 January 2026 till 30 June 2026: GEL 25 million, if the Consolidated Net Leverage Ratio (as of the date of the most recent financial statements) is equal to or less than 4.0 to 1.0 ratio; otherwise, GEL 40 million;
- iii. From 1 July 2026 till 30 June 2027: GEL 25 million, if the Consolidated Net Leverage Ratio (as of the date of the most recent financial statements) is equal to or less than 3.5 to 1.0 ratio; otherwise, GEL 40 million;

- iv. From 1 July 2027 till 30 June 2028: GEL 30 million, if the Consolidated Net Leverage Ratio (as of the date of the most recent financial statements) is equal to or less than 3.0 to 1.0 ratio; otherwise, GEL 40 million;
- v. From 1 July 2028 till 30 June 2029: GEL 40 million, if the Consolidated Net Leverage Ratio (as of the date of the most recent financial statements) is equal to or less than 3.0 to 1.0 ratio; otherwise, GEL 80 million;
- vi. From 1 July 2029 till 30 June 2030: GEL 50 million, if the Consolidated Net Leverage Ratio (as of the date of the most recent financial statements) is equal to or less than 3.0 to 1.0 ratio; otherwise, GEL 150 million.

(B) The Issuer shall ensure that, as of the last day of each fiscal quarter, starting with the first fiscal quarter following the Bond issuance, it maintains Cash and Cash Equivalents on its consolidated balance sheet in an amount not less than aggregate financial charges on Indebtedness (including interest payment on the Bonds) due within next 6 months (where the variable component part of the interest for the next 6 months to be estimated assuming the latest available rate prior to the estimation date) as well as the total Lease Obligation payment (according to IFRS 16) due within next 6 months.

(C) Notwithstanding the provisions of Condition 5.(h)(II) (Permitted Debt) and this Condition 5(n), the Issuer shall not draw any amounts of Permitted Debt for the primary purpose of increasing its Cash and Cash Equivalents in order to satisfy the minimum liquidity requirements under this Condition 5(n). For the avoidance of doubt, and without prejudice to any other requirement of this Condition, the Issuer shall be deemed not to be in breach of this restriction covenant, and to be in compliance with this Condition 5(n), if, for the fiscal quarter in which such drawdown occurs, the Issuer's consolidated cash flow statement reflects aggregate payments for capital expenditures and/or working capital needs in an amount at least equal to the amount of Permitted Debt drawn during that quarter.

6. INTEREST

(a) Interest Payment Dates:

All payments will be made on the Interest Payment Dates or the Maturity Date (as determined in the Term Sheet), as the case may be (subject to the Business Day Convention, as defined below), to the Bondholders and the applicable interest rate shall be calculated as of the Interest Determination Date. Interest will be calculated on the basis of the actual number of calendar days in the relevant Interest Period (as defined below) based on a 365-day year ("Actual/365 (Fixed)").

Interest will accrue from and including the previous Interest Payment Date or the Issue Date as the case may be, to but excluding the next Interest Payment Date or the Maturity Date (unless payment of principal is improperly withheld or refused) as the case may be.

If an amount of interest payable in respect of the Bonds, as calculated in accordance with these Conditions does not constitute an integral multiple of 0.01 GEL, such amount shall be rounded to the nearest integral multiple of 0.01 GEL (with 0.011 – 0.019 GEL being rounded down).

(b) Interest Payments:

Bonds will cease to bear interest from the due date of redemption unless, upon due presentation of evidence of any Bond, payment of principal is improperly withheld or refused, in which event interest shall not cease to accrue, but shall continue to accrue until whichever is the earlier of (i) the actual redemption of the Bonds or (ii) the date on which notice has been given to the respective Bondholders to the effect that the necessary funds for redemption have been provided to the Calculation Agent or the Depository.

(c) Rate of Interest:

The reference rate (the “Reference Rate”) for determining the rate of interest of the Bonds shall be “Daily Non-Cumulative Compounded TIBR Rate” (as defined below) or, if it is not possible to determine the rate of interest using this method, then the rate determined by the Calculation Agent in accordance with clause (ii) of the Reference Rate Fallback Provisions, in accordance with the rules set forth in the Term Sheet.

The Interest Rate for any day during an Interest Period, regardless of the method used for determining the rate of interest (more specifically, for determining the Reference Rate) shall be the percentage rate per annum which is the sum of:

- (i) the spread specified in the [Term Sheet/Final Pricing Supplement], and
- (ii) the Reference Rate for that day.

If any day during an Interest Period is not a Business Day, the rate of interest for that day will be the rate applicable to the immediately preceding Business Day. For the avoidance of doubt, the formula for the calculation of the Daily Non-Cumulative Compounded TIBR only compounds TIBR in respect of days within a Interest Period, which are Business Days. The TIBR applied to a day that is a non-Business Day takes TIBR for the previous Business Day but without compounding.

For purposes of this Condition 6(c), the terms below shall have the following definitions:

“Business Day” means any day (other than a Saturday or Sunday or a public holiday as defined in the Labor Code of Georgia) on which commercial banks and securities market participants settle transactions and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tbilisi, Georgia;

“Business Day Convention” means Modified Following whereby the Interest Payment Date or the Maturity Date (as appropriate) shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event such Interest Payment Date or the Maturity Date (as appropriate) shall be brought forward to the immediately preceding Business Day.

“Interest Period” means each period beginning on an Interest Payment Date and ending on the day immediately before the next following Interest Payment Date, except in the case of the first period when it means the period beginning on the Issue Date and ending on the day immediately before the next following Interest Payment Date and except in the case of the last period when it means the period beginning on the penultimate Interest Payment Date and ending on but excluding the Maturity Date, or, in the case of the Bonds becoming due and payable, the date on which the Bonds become due and payable, subject to the Business Day Convention. For the avoidance of doubt, where the Interest Payment Date has been adjusted to the following Business Day, interest will accrue to (but excluding) such adjusted date. Furthermore, where the Interest Payment Date has been adjusted to the first preceding Business Day (on account of the initially adjusted Interest Payment Date falling in the next calendar month), interest will accrue to (but excluding) such earlier date.

“Relevant Screen Page” means the Tbilisi Interbank Rate Index which appears daily as the rate for the preceding day under the title “TBILISI INTERBANK INTEREST RATE – TIBR INDEX” on page of the NBG’s website designated <https://nbg.gov.ge/en/monetary-policy/tibr>.

“Successor Screen Page” means (i) any successor display page, other published source, information vendor or provider that has been officially designated by the administrator of the Relevant Screen Page; or (ii) if such administrator has not officially designated a successor display page, another published source, service or provider (as

the case may be), the successor display page, other published source, service or provider, if any, designated by the relevant information vendor or provider (if different from the administrator).

“**Daily Non-Cumulative Compounded TIBR Rate**” means, in relation to any Business Day during an Interest Period for a Bond, the percentage rate per annum (rounded to nine decimal places) calculated as set out below:

$$\left(UCCDR_i - UCCDR_{i-1} \right) \times \frac{dcc}{n_i}$$

where:

UCCDR_i means the Unannualised Cumulative Compounded Daily Rate for that Business Day "i";

UCCDR_{i-1} means, in relation to that Business Day "i", the Unannualised Cumulative Compounded Daily Rate for the immediately preceding Business Day (if any) during that Interest Period;

dcc means 365

n_i means the number of calendar days from, and including, that Business Day "i" up to, but excluding, the following Business Day; and

the **Unannualised Cumulative Compounded Daily Rate** for any Business Day during that Interest Period (the "**Cumulated Business Day**") is the percentage rate per annum (rounded to nine decimal places) calculated as set out below.

$$ACCDR \times \frac{tn_i}{dcc}$$

where:

ACCDR means the Annualised Cumulative Compounded Daily Rate for that Cumulated Business Day;

tn_i means the number of calendar days from, and including, the first day of the Cumulation Period to, but excluding, the Business Day which immediately follows the last day of the Cumulation Period;

Cumulation Period means the first Business Day of that Interest Period to, and including, the Cumulated Business Day;

dcc has the meaning given to that term above; and

the **Annualised Cumulative Compounded Daily Rate** for that Cumulated Business Day is the percentage rate per annum (rounded to nine decimal places) calculated as set out below:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{DailyRate_{i-LP} \times n_i}{dcc} \right) - 1 \right] \times \frac{dcc}{tn_i}$$

where:

d₀ means the number of Business Days in the Cumulation Period;

Cumulation Period has the meaning given to that term above;

i means a series of whole numbers from one to d₀, each representing the relevant Business Day in chronological order in the Cumulation Period;

DailyRate_{i-LP} means, for any Business Day "i" during the Cumulation Period, the Daily Rate for the Business Day which is the applicable Lookback Period prior to that Business Day "i";

n_i means, for any Business Day "i" during the Cumulation Period, the number of calendar days from, and including, that Business Day "i" up to, but excluding, the following Business Day;

dcc has the meaning given to that term above; and

tn_i has the meaning given to that term above.

"**Daily Rate**" means for any Business Day:

- (a) the TIBR for that Business Day ; or
- (b) if TIBR is not available for that Business Day, the rate determined in accordance with clause (i) of the Reference Fallback Provisions:

rounded, in any such case, up to five decimal places and, if that rate is less than zero, the Daily Rate will be deemed to be zero.

"Lookback Period" means [ten] Business Days.

For the purposes of the determination of the Daily Non-Cumulative Compounded TIBR Rate:

"TIBR", in respect of any Business Day, is a rate equal to the daily Tbilisi Interbank Rate (TIBR) for such Business Day as provided by the NBG on the Relevant Screen Page, and displayed on the following Business Day or if such page is unavailable, as provided on the Successor Screen Page, on the Business Day immediately following such Business Day.

"Interest Determination Date" means the Business Day that is the Lookback Period prior to each Interest Payment Date.

"Reference Rate Fallback Provisions" means the reference fallback provisions described below:

(i) If, in respect of any Business Day in the relevant Interest Period, the Calculation Agent determines that the TIBR is not available on the Relevant Screen Page or the Successor Screen Page (as appropriate), such TIBR shall be:

- (a) (i) NBG's refinancing rate (the **"Base Rate"**) prevailing at close of business on the relevant Business Day (as published on the NBG's website: <https://nbg.gov.ge/en> as "Refinancing rate"); plus (ii) the mean of the spread of the TIBR to the Base Rate over the previous five days on which a TIBR has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Base Rate; or
- (b) if the Base Rate is not published by the NBG at close of business on the relevant Business Day, the TIBR published on the Relevant Screen Page, or if such page is unavailable, as displayed on the Successor Screen Page, for the first preceding Business Day on which the TIBR was published on the Relevant Screen Page or the Successor Screen Page (as appropriate).

Notwithstanding the provisions above, if the NBG publishes guidance as to (i) how the TIBR is to be determined or (ii) any rate that is to replace the TIBR, the Calculation Agent shall, to the extent that it is reasonably practicable, follow such guidance in order to determine TIBR for the purpose of the Daily Non-Cumulative Compounded TIBR for so long as the TIBR is not available or has not been otherwise published by NBG or by a successor administrator.

(ii) If the TIBR ceases to exist or to be an industry accepted successor base rate for debt market instruments during the life of the Bonds, and the Calculation Agent determines that there is no industry accepted successor base rate for debt market instruments linked to the TIBR, and that no substitute or other successor base rate is comparable to the TIBR, the Reference Rate will be determined by the Calculation Agent in its sole discretion and acting in good faith and in a commercially reasonable manner.

(iii) The Calculation Agent shall immediately (and in no event later than close of business in Tbilisi on the relevant Interest Determination Date) notify (in writing) the Issuer, the Bondholders, Georgian Stock Exchange and the Depository of the rate of interest determined in accordance with these Reference Rate Fallback Provisions, which shall become the Reference Rate.

(d) The Interest Step-Up

Commencing on January 1, 2027, if, as of the last day of any semi-annual fiscal period, the Issuer's Consolidated Net Leverage Ratio is equal to or greater than any of the thresholds set forth below, the applicable [interest rate] shall be increased in accordance with the corresponding adjustment specified for such threshold.

- (a) by 25 basis points (0.25%), if Consolidated Net Leverage ratio is greater than or equal to 4.0x but less than 5.0x;
- (b) (b) by 50 basis points (0.50%), if Consolidated Net Leverage ratio is greater than or equal to 5.0x.

The step-up shall take effect beginning with the next Interest Period following delivery of the Covenant Compliance Certificate evidencing such increase in Consolidated Net Leverage Ratio, and shall remain in effect until the first Interest Period following delivery of a Covenant Compliance Certificate evidencing that the Consolidated Net Leverage ratio has returned below the respective thresholds.

7. REDEMPTION AND PURCHASE OF THE BONDS

(a) Redemption:

The Issuer may redeem the Bond(s) prior to their Maturity Date for cancellation, pursuant to sections (b), (d), and (e) of this Condition 7 (*Redemption and Purchase of the Bonds*). Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount (nominal) at its Maturity Date, according to the Term Sheet. The Bonds may be withdrawn at the discretion of the Issuer only as provided in the Prospectus (including in accordance with these Terms and Conditions).

(b) Redemption for Taxation:

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Bondholders and Account Providers who have the respective credit balance on the securities account opened with the Account Provider or the Depository (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (b.1) the Issuer satisfies the Bondholders' Representative immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts of Tax related to the Bonds as a result of any change in, or amendment to, the laws or regulations of Georgia, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (b.2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

(c) Purchase:

The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be Outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).

(d) Optional Redemption:

On or within the date 6 months prior to the Maturity Date, the Issuer may, at its option, on giving not less than 30 (thirty) days' irrevocable notice (the "**Call Option Notice**") to the Bondholders redeem the Bonds in whole or in part, at its sole discretion, at the redemption price calculated as set forth below. In case of a partial redemption, the determination of the exact volume of the Bonds to be redeemed shall also be at the sole discretion of the Issuer and shall comply with the terms set out in Condition 7(f) (Partial Redemption).

The Bonds shall be redeemed at the price which shall be the following:

- (i) the aggregate principal amount of the redeemed Bonds; plus

(ii) interest and any additional amounts or other amounts that may be due thereon (if any) accrued but unpaid on each redeemed Bond to but excluding the date on which the call option is to be settled (the "**Call Settlement Date**"); plus

(iii) the Redemption Premium (as defined below).

The Call Option Notice shall specify the Call Settlement Date.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Bonds or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, the incurrence of Indebtedness, the proceeds of which will be used to redeem the Bonds). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded if any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

(e) Redemption at the Option of the Bondholders upon a Change of Control:

Upon the occurrence of a Change of Control (as defined below), unless the Issuer has given notice to redeem all of the Bonds as described under this Condition 7, each Bondholder shall have the right to require that the Issuer repurchase all or any part of that Bondholder's Bonds at a purchase price in cash equal to 101% (one hundred and one percent) of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of Bondholders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

For the purposes of this Condition 7(e), "Change of Control" means the direct or indirect sale, lease, transfer, conveyance or other disposition (including by way of merger or consolidation), in one or a series of related transactions, of:

(1) all or substantially all of the properties or assets of the Issuer and its Material Subsidiaries (taken as a whole) to any Person other than:

(a) GCAP or its Affiliates; or

(b) a Person with an investment grade credit rating from at least one major internationally recognized credit rating agency; or

(2) 50.0% or more of (i) the issued Capital Stock of the Issuer and/or its Material Subsidiary and/or (ii) the voting rights of the Issuer or its Material Subsidiary (including by trust, contract or otherwise) in each case to any Person other than:

(a) GCAP or its Affiliates; or

(b) a Person with an investment grade credit rating from at least one major internationally recognized credit rating agency; or

(c) through admission and trading on an organized local market recognized by the NBG or on a foreign stock exchange as specified in the Annex N°1 ("List of recognized foreign stock exchanges") to the Rule Related to the Public Offering in Georgia of Securities Issued by an Issuer whose Securities are Admitted to Trading on Recognized Foreign Stock Exchanges, by an International Financial Institution, or by a

Development Organization Established with the Participation of a Foreign State, approved by the Order №178/04 of the President of the NBG, dated October 7th, 2020 (as amended from time to time); or

(3) any issued Capital Stock of the Issuer or its Material Subsidiary or the voting rights of the Issuer and/or of its Material Subsidiary (including by trust, contract or otherwise) in each case to a Prohibited Person.

(f) Partial Redemption:

If less than all of the Bonds are to be redeemed at any time, selection of such Bonds for redemption will be made in compliance with the rules, if any, of any stock exchange on which the Bonds are listed or, if such Bonds are not then listed or there are no such applicable rules or the stock exchange on which the Bonds are listed does not provide rules on this matter, such Bonds shall be selected in such place and in such manner as is fair and reasonable in the circumstances taking account of prevailing market practices. Where some but not all of the Bonds in respect of which a notice of redemption is issued are to be redeemed, the notice of redemption that relates to such Bonds shall state the portion of the principal amount of the Bonds to be redeemed.

(g) Legal Consequences of the Redemption

Upon partial or full redemption of the Bonds by the Issuer, such Bonds shall be treated as treasury securities in the relevant amount, meaning that a) the Issuer shall not have the status of the Bondholder and will not be able to exercise any power as determined by the Bond Prospectus; and b) the Issuer shall not have financial claim based on Bonds and thus, will not be a creditor/Bondholder as determined by the Guarantee Agreement, the Mortgage Agreement and the Pledge Agreement.

8. SETTLEMENT & PAYMENTS

(a) Method of Payment:

(I) Principal amount and interest on each Bond shall be paid to the Bondholders that have the respective credit balance on the Investor's securities account opened with the Account Provider or the Depository 3 (three) Business Days before the due date, as of 18.00 of the respective day (the "**Record Date**"). Payments shall be made by transfer in Georgian Lari to the bank accounts of the Bondholders that have the respective credit balance on the Investor's securities account opened with the Account Provider or the Depository on the Record Date. The Bondholders that have the respective credit balance on the Investor's account opened with the Account Provider or the Depository shall procure that the Account Provider and/or the Depository has an updated, complete and correct information regarding their respective bank account details where any payments pertaining to the Bonds shall be made. None of the Issuer, the Depository, the Account Provider or the Calculation Agent shall be responsible for non-payment of any amount due if the Bondholder has failed to provide its bank account details to the Account Provider or the Depository, or to update its bank account details as of the Record Date, as requested by the Issuer or the Account Provider or the Depository.

(II) If the account of a Bondholder referred to in the previous subparagraph is not opened with the Account Providers, then any transaction fees assessed on the payment (transfer) may be deducted from the payment. If the bank account of the Bondholder referred to in the previous subparagraph is in any currency other than

Georgian Lari, then the payment may be made to the Bondholder (as the case may be) net of currency conversion fees.

(III) Without prejudice to the Bondholders' rights under these Terms and Conditions to receive full payments of interest and principal when due, if the amount of interest or principal being paid on any due date is less than the amount then due, then the Issuer shall pay or cause to be paid to all Bondholders their respective pro rata shares of the funds available for payment on such date.

(IV) Processes and limitations with respect to Payments are additionally established by legislation, as well as rules of the Depository and other relevant capital market participants and based on agreement with Calculation Agent.

(b) Appointment of Agents:

The Calculation Agent, Placement Agents and the Depository and their respective specified offices are listed in the Term Sheet as well as at the end of the Prospectus. The Calculation Agent, the Placement Agent, and the Depository act solely as agents of the Issuer and for the purposes of this Prospectus and offering do not assume any obligation or relationship of agency or trust for or with any Bondholder or Account Provider or the Bondholders' Representative. The Issuer reserves the right at any time with the approval of the Bondholders' Representative to vary or terminate the appointment of Calculation Agent and/or Placement Agents and to appoint additional or other Calculation Agent and/or Placement Agent(s), provided that the Issuer shall at all times maintain a Calculation Agent and the Depository, in each case, as approved by the Bondholders' Representative.

Notice of any such change or any change of contact details shall promptly be given to the Bondholders in accordance with the process set out in Condition 14 ("Notices").

(c) Calculation and Payment:

Any payment to be made in relation to the Bonds (including interest) shall be calculated and paid in accordance with the terms of this Prospectus and Georgian law. Furthermore, the amount(s) due as calculated by the Calculation Agent, except for manifest error, shall be binding on the Issuer. The Calculation Agent shall calculate the amounts at least 2 (two) Business Days before the relevant payment date and notify the Issuer. At least 1 (one) Business Day before the relevant payment date, the Issuer must place relevant funds in Georgian Lari on its bank account maintained with the Depository and instruct the latter to transfer such funds. If there are sufficient funds on the Issuer's account, the Depository is entitled, but not obliged, to transfer payments due on Bonds without relevant instructions from the Issuer to the account of the Bondholders, in amounts proportionate to the Bonds credited on their accounts, and in case the funds on the Issuer's account are not sufficient - notify the Issuer and Bondholders' Representative and/or the Account Holders/Account Providers accordingly.

(d) Payments subject to Fiscal Laws:

All payments are subject in all cases to any applicable fiscal or other laws, and regulations of Georgia.

(e) Delay in Payment / Non-Business Days:

Bondholders will not be entitled to any penalty or other payment for any delay in payment after the due date in receiving the amount due on a Bond if the due date is not a Business Day.

If a payment date is not a Business Day, the payment shall be made on the following Business Day (subject to Business Day Convention), and in such case interest shall continue to accrue to (but excluding) such adjusted Business Day.

9. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made after deduction of any applicable Georgian tax withheld at source, if applicable.

10. EVENTS OF DEFAULT

(I) If any of the following events (the “**Events of Default**”) occurs and is continuing the Bondholders may, by an Extraordinary Resolution or a resolution passed by the holders of at least 25% in principal amount of the Bonds then Outstanding or with respect to Condition 10(a) only by a resolution passed by the holder or holders of at least 15% in principal amount of Bonds then Outstanding, directly or through issuance of a respective instruction to the Bondholders' Representative, give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at 100% of their principal amount together (if applicable) with accrued interest:

(a) Non-Payment:

the Issuer fails to pay the principal of, any interest or any other sum due on any of the Bonds when due and such failure to pay is not remedied within 5 (five) Business Days of the due date for payment; or

(b) Breach of Other Obligations:

the Issuer and/or any Guarantor, Immovable Property Owner and/or Movable Property Owner does not/cannot perform any one or more of its such obligations (other than the obligation envisaged in Condition 10(a)) set forth in this Prospectus, including these Conditions, and/or the Guarantee Agreement, the Mortgage Agreement and/or the Pledge Agreement, respectively, as applicable, which default is, in the reasonable opinion of the Bondholders' Representative, (b.i) incapable of remedy and is material or repeated; or, (b.ii) if capable of remedy, not remedied within 30 (thirty) Business Days after notice of such default shall have been given to the Issuer by the Bondholders' Representative; or

(c) Cross-Default:

(I) any other present or future Indebtedness of the Issuer or any Material Subsidiary for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default (howsoever described), or

(II) any such Indebtedness is not paid when due, or, as the case may be, within any originally applicable grace period,

provided that the aggregate amount of the relevant Indebtedness in respect of which one or more of the events mentioned above in this Condition 10(c) (I) and (II) have occurred equals or exceeds 2% (two percent) of the Consolidated Total Assets of the Group determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period; or

(d) Insolvency:

(I) The occurrence of any of the following events:

- (i) the Issuer or any Material Subsidiary initiating liquidation or insolvency proceedings; or
 - (ii) the filing of a claim by any Person in respect of the Issuer or any Material Subsidiary to initiate insolvency proceedings, where such claim is not dismissed within 120 (one hundred and twenty) calendar days from the date of filing; or
 - (iii) entry into negotiations between the Issuer and its creditors for an out of court settlement of all or substantially all of the Issuer's debts; or
 - (iv) commencement of liquidation proceedings in respect of the Issuer or any Material Subsidiary based on a decision of a court in a criminal case;
- (II) the Issuer or any Material Subsidiary fails or is unable to pay its debts generally as they become due; or
- (III) the shareholder(s)/partner(s) of the Issuer approve any plan for the liquidation or dissolution of the Issuer; or

(e) Unsatisfied Judgments, Governmental or Court Actions:

The aggregate amount of unsatisfied judgments, decrees or orders of courts or other appropriate law enforcement bodies for the payment of money against the Issuer or any Material Subsidiary exceeds US\$ 5,000,000 (five million) or the equivalent thereof in any other currency or currencies, or any such unsatisfied judgment, decree or order results in (a) the management of the Issuer or any Material Subsidiary being wholly or partially displaced or the authority of the Issuer or any Material Subsidiary in the conduct of its business being wholly or partially curtailed, (b) all or a majority of the share capital of the Issuer or any Material Subsidiary or the whole or any part (the book value of which is 20% (twenty percent) or more of the total book value) of its revenues or assets being seized, nationalised, expropriated or compulsorily acquired; or

(f) Execution:

any execution is levied against, or an encumbrancer takes possession of or sells, the whole or any material part of, the property, revenues or assets of the Issuer or any Material Subsidiary; or

(g) Authorization and Consents:

any action, condition or thing (including the obtaining or effecting of any necessary consent, decree, approval, authorization, exemption, filing, license, order, recording, registration or other authority) required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its material rights and perform and comply with its payment obligations under the Bonds, its obligations under Condition 5 (Covenants) and its other material obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Prospectus, the Agreement, the Guarantee Agreement, the Mortgage Agreement and the Pledge Agreement admissible as evidence in any dispute settlement body, is not discharged, obtained or adopted; or

(h) Validity and Illegality:

The validity of the Bonds or Prospectus, the Agreement, or the Guarantee Agreement or the Mortgage Agreement or the Pledge Agreement is contested by the Issuer, the Guarantors, the Immovable Property Owners or the Movable Property Owners (as applicable) or the Issuer, the Guarantors, the Immovable Property Owners or the Movable Property Owners (as applicable) deny any of their material obligations under the Bonds, Prospectus, the

Agreement, the Guarantee Agreement, the Mortgage Agreement, the Pledge Agreement or it is, or will become, unlawful for the Issuer, the Guarantors, the Immovable Property Owners or the Movable Property Owners (as applicable) to perform or comply with any one or more of its material obligations under any of the Bonds, Prospectus, the Agreement, the Mortgage Agreement, the Pledge Agreement or the Guarantee Agreement or any of such obligations becomes unenforceable or ceases to be legal, valid and binding.

(II) The Issuer has undertaken that it will promptly upon becoming aware of the same inform the Bondholders' Representative of the occurrence of any Event of Default or event or circumstance that would, with the giving of notice, lapse of time and/or issue of a certificate, become an Event of Default (the "**Potential Event of Default**").

(III) The Issuer has also undertaken that it shall within 14 (fourteen) calendar days after the issuance of its annual audited financial statements, within 14 (fourteen) calendar days after each Interest Payment Date and also within 14 (fourteen) calendar days of any request by the Bondholders' Representative, send to the Bondholders' Representative a certificate of the Issuer signed by its director and its chief financial officer certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as of the date of signing the certificate (the "**Certification Date**") no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate (or if none, since the Issue Date), or if Event of Default or Potential Event of Default had occurred, giving details of it; or

(IV) Bondholders' Representative is, on its own behalf, obliged to inform the Bondholders of any occurrence of Event of Default and explain to them their rights with respect to option to declare the Bonds due and payable in accordance with Condition 10 (*Events of Default*)/to commence the enforcement process in accordance with Condition 12 (*Enforcement*).

11. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) Meetings of Bondholders:

The Agreement and these Terms and Conditions contain provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by the resolution passed at a meeting duly convened and held in accordance with this Prospectus and the Agreement by a majority of at least 75% (seventy-five percent) of the votes cast ("**Extraordinary Resolution**") of a modification of any of these Conditions or any provisions of the Agreement. A meeting of Bondholders may be convened by Bondholders (and/or Account Providers acting on their behalf) holding not less than 10% (ten) in principal amount of the Outstanding Bonds. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the Bonds for the time being Outstanding, or at any Adjourned Meeting, person(s) being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes, inter alia, consideration of the following proposals: (i) to change any financial terms of the Bonds (ii) to change any date fixed for payment of principal or interest in respect of the Bonds; (iii) to alter the method of calculating the amount of any payment in respect of the Bonds; (iv) to change the amount of principal and interest payable in respect of the Bonds, except for the adjustment/step up of interest in accordance with Condition 6(d) (*Interest Step-Up*); (v) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other entity; (vi) to change the currency of payments under the Bonds (other than such change as may be required by Governing Law); (vii) to change the quorum requirements relating to Bondholders' meetings or the majority required to pass an Extraordinary Resolution; or, (viii) without prejudice to the rights under Condition 11(b) (Modification of the Provisions and Waiver) below to change the definition

of Event of Default under these Terms and Conditions; in which case the necessary quorum will be 2 (two) or more persons holding or representing not less than two-thirds, or at any Adjourned Meeting not less than one-third, in principal amount of the Outstanding Bonds. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

A resolution in writing signed by or on behalf of the Bondholders who for the time being hold 75% (seventy-five percent) or more of the Outstanding Bonds will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. Resolution adopted at the Bondholders' meeting will take effect upon the relevant decision being duly adopted and signed by its chairperson.

Without prejudice to provisions of Condition 10 (*Events of Default*), all other resolutions to be made by the Bondholders, not qualifying for passing of an Extraordinary Resolution, shall be adopted by Bondholders by a majority of at least 51% (fifty-one percent) of the votes cast ("**Ordinary Resolution**"). Such a meeting may be convened by the Issuer and/or by the Bondholders (and/or Account Providers acting on their behalf) holding not less than 10% (ten) in principal amount of the Outstanding Bonds. The quorum for any meeting convened to consider an Ordinary Resolution will be 2 (two) or more persons holding or representing more than 25% (twenty-five percent) of the aggregate principal amount of the Outstanding Bonds for the time being, or at any Adjourned Meeting 2 (two) or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented.

A resolution in writing signed by or on behalf of the Bondholders who for the time being hold 51% (fifty-one percent) or more of the Outstanding Bonds will take effect as if it were an Ordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. Resolution adopted at the Bondholders' meeting will take effect upon the relevant decision being duly adopted and signed by its chairperson

Notwithstanding the foregoing, in the case of an Event of Default arising under Condition 10(a) (Non-Payment), any Bondholder or group of Bondholders holding not less than 15% (fifteen percent) in principal amount of the Outstanding Bonds may, by written notice to the Issuer, declare the Bonds immediately due and payable.

Notwithstanding the foregoing, in the case of an Event of Default arising under any condition other than Condition 10(a) (Non-Payment), any Bondholder or group of Bondholders holding not less than 25% (twenty five percent) in principal amount of the Outstanding Bonds may, by written notice to the Issuer, declare the Bonds immediately due and payable.

(b) Modification of the Provisions and Waiver:

The Bondholders' Representative may agree with the Issuer, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Agreement, that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Prospectus and the Agreement or not being capable of modification under the applicable laws), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of these Conditions that is in the opinion of the Bondholders' Representative not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Bondholders' Representative so requires, such modification shall be notified to the Bondholders as soon as practicable pursuant to Condition 14.

(c) Entitlement of the Bondholders' Representative:

In connection with the exercise of its functions, the Bondholders' Representative shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders resulting without limitation from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bondholders' Representative shall not be entitled to require, nor shall any Bondholder or Account Providers be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

(d) Convening of Bondholders' Meeting:

The Issuer the Bondholders' Representative and/or the Bondholders, who own no less than 10% (ten percent) of the Outstanding Bonds, (the "**Initiator of the Meeting**") can at any time convene a meeting. The Initiator of the Meeting needs to give notice to the Bondholders, the Bondholders' Representative and/or the Issuer (as applicable) at least 14 (fourteen) calendar days before the date of the meeting. The notice must be sent according to Condition 14 ("Notices"). This shall contain information about the date, time and place of the meeting. The Issuer and/or its representative has the right to attend the meeting.

The Bondholders, the Account Providers and/or their representatives, who will attend the meeting, shall elect a chairperson among themselves; if unavailable, the Issuer shall choose the chairperson. The chairperson can, but does not have to be, a Bondholder or their agent. In case a third party is chosen as the chairperson, that third party must be independent. The chairperson of an adjourned meeting need not be the same person as the chairperson of the original meeting.

No issue shall be discussed (except electing the chairperson) unless there is a quorum. If there is no quorum for 15 (fifteen) minutes from the start of the meeting, the meeting must disband and it shall be adjourned until the chairperson decides such date no less than 14 (fourteen) nor more than 42 (forty-two) calendar days after the first meeting.

(e) Voting:

All the issues set forth at the meeting must be decided by a show of hands, unless a secret ballot is demanded (before the show of hands or disclosing results) by the chairperson, Issuer or the Bondholder(s) and/or the Account Provider(s), who represent 2% (two percent) of the Outstanding Bonds. In case of a secret ballot, the results shall be announced by the chairperson.

If a secret ballot is demanded, it must be conducted in a manner (and according to the conditions described below) and either immediately or after such adjournment, as the chairperson decides. The results of a secret ballot shall be deemed to be a decision of the meeting, at which the secret ballot was demanded. The demand for the secret ballot shall not prevent the meeting continuing for the discussion about other topics.

A secret ballot that is demanded on a question of adjournment of the first meeting or on a the election of a chairperson shall be held at once.

At the meeting, each Bondholder and/or Account Provider has 1 (one) vote on each unit of Bond that he or she owns or represents (in each case). A person who has more than 1 (one) vote is not obliged to use or cast all the

votes uniformly. In the event of an equal number of votes, both in the event of a show of hands and a secret ballot, the chairperson shall have a casting vote in addition to the other votes he or she may have.

Documents shall be made about the progress of all meetings and of the decisions taken at it, and if required to be signed by the chairperson of the meeting or of the next successful meeting, it shall be considered as conclusive evidence in relation to the matters under consideration. Until the contrary is proved, each meeting for which the documents of the meeting have been drawn up and signed, shall be deemed to have been duly convened and conducted, and all decisions made or proceedings to have been properly carried out. Any decision taken at the meeting of the Bondholders shall enter into force upon the relevant decision being duly adopted and signed by its chairperson.

The Issuer is obliged to notify the Bondholders of any decision at the meeting of the Bondholders (except in case of any change in the terms of the Bonds and/or any rights related to the Bonds) within 14 (fourteen) calendar days, but failure to comply with such obligations shall not invalidate the decision. And in the event of any change in the terms of the Bonds and/or the rights relating to the Bonds, the Issuer shall promptly disclose such information to the public, but failure to comply with such obligations shall not invalidate the decision.

(f) Resolution Upon the Occurrence of an Event of Default

Any resolution passed by the Bondholder(s) with the aim of declaring the Bonds immediately due and payable upon the occurrence of the Event of Default as set forth under Condition 10 (*Events of Default*), and commencement of the relevant enforcement proceedings, should be passed in accordance with the above described procedures. Such resolution should *inter alia* cover: (a) decision on the method of enforcement to be utilised by the Bondholder(s), the Account Provider(s) and/or the Bondholders' Representative (as applicable); (b) designation of the relevant person authorised/responsible for enforcement against the Issuer, any or all Guarantor, Immovable Property Owners and/or Movable Property Owners; and (c) any other issue that the Bondholder(s) and/or the Account Provider(s) deem necessary for administrative purposes upon the occurrence of the Event of Default.

A resolution in writing signed by or on behalf of the Bondholder(s) who for the time being hold(s) (i) 15% (fifteen percent) in principal amount of the Outstanding Bonds in the case of an Event of Default arising under Condition 10(a) (*Non-Payment*), or (b) not less than 25% (twenty five percent) in principal amount of the Outstanding Bonds in the case of an Event of Default arising under any condition other than Condition 10(a) (*Non-Payment*), as applicable, will take effect as if it were a relevant resolution upon the occurrence of an Event of Default. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

12. ENFORCEMENT

(a) Upon the occurrence of the Event of Default as set forth under Condition 10 (*Events of Default*), the Bondholders' Representative is authorized to commence relevant enforcement procedures/proceedings only in the event if (a) it has been so directed by a relevant resolution and was designated by the Bondholder(s) and/or the Account Provider(s) as the person authorised to carry out the enforcement procedures, and (b) it is indemnified and/or pre-funded to its satisfaction.

(b) Each Bondholder and/or the Account Provider (as the case may be) acknowledges that, subject to Condition 12(c), they are not authorized to directly initiate any proceedings and/or any enforcement procedures against the Issuer and/or any or all Guarantor and/or Immovable Property Owners and/or

Movable Property Owners. Furthermore, the relevant proceedings shall not commence within 10 Business Days from passing of the relevant resolution, during which period the Issuer can challenge the said resolution in the dispute resolution body defined in these Conditions.

(c) Any Bondholder and/or Account Provider may directly institute proceedings (whether individually, or together with other Bondholders and/or Account Providers), if (i) at least 3 (three) months have passed since the date when payments on the Bonds became due and payable, and (ii) the amount payable has not been paid by the Issuer and/or the Guarantor(s) in full, and (iii) no action has been taken by the Bondholders' Representative in accordance with Condition 12(a).

13. INDEMNIFICATION OF THE BONDHOLDERS' REPRESENTATIVE

The Agreement contains provisions for the indemnification of the Bondholders' Representative and for its relief from responsibility.

The Bondholders' Representative may rely without liability to Bondholders or Account Providers on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Bondholders' Representative or in any other manner) by reference to a monetary cap, methodology or otherwise.

14. NOTICES

The Issuer's notice to the Bondholders shall be made by either publication (including without limitation on the Issuer's web-site) or by sending it to the Account Providers and the Depository of the Bonds at their respective electronic mail (e-mail) address or physical mailing address specified in this Prospectus and/or through the Bondholders' Representative.

In case the Issuer's notice is made by publication or by sending it via e-mail, any such notice shall be deemed to have been given on the date of publication or at the date when the respective email was sent. If published or sent more than once, the notice shall be deemed to have been duly given on the first date on which publication is made (or e-mail is sent). In case the Issuer's notice is made by physical mailing, any such notice shall be deemed to have been given on the 4th Business Day after the date of mailing.

The Bondholders shall send notices to the Account Provider of Bond(s) at its respective e-mail or physical address as referenced in this Prospectus, unless duly notified otherwise in writing by the Account Provider of Bond(s) to the Bondholders.

For the avoidance of any doubt, in case of sending the notice provided for in this Condition in the material form to the appropriate address, the notice shall be deemed to have been duly sent and it shall not require additional mailing. The Issuer will provide the Account Providers with information on convening the Meeting of the Bondholders and/or will publish a notice through the Legislative Herald of Georgia.

For the purpose of disclosing regulated information, any public source defined by law (<https://reportal.ge/>; <https://gse.ge/>; Legislative Herald of Georgia, Issuer's website) will be used to publish regulated information, including the fulfillment of the obligations set forth in Article 9 of the National Bank of Georgia's Transparency Rule (181/04), as it may be amended from time-to-time:

- a) Any changes in the public securities holder's rights, including changes in the terms of the securities that may have an indirect impact on the public securities owner's rights or that result from changes in loan terms and interest rates;

- b) Information on interest rates on loan securities, periodic payments, conversion/exchange, purchase or cancellation rights, or repayment;
- c) Information required for the proper exercise of the rights of holders of public securities;
- d) Information on the place, time, agenda and right to participate in the Issuer's shareholders' meeting;
- e) The Issuer plans to use the following sources for different types of regulated information, in case of changes of which it will inform the Bondholders accordingly:
 - i. Periodic financial statements: <https://reportal.ge/>;
 - ii. Information on meetings / decisions and other similar issues to the extent possible: website of the National Agency of Public Registry.
 - iii. Other information listed above or current reports required by law within framework of transparency: website of the Issuer or GSE.

15. DEFINITIONS

The expressions used in these Terms and Conditions (unless the context shall require otherwise) shall have the following meanings:

"Acquired Debt" means, with respect to any specified Person:

- (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Adjourned Meeting" means a meeting of the Bondholders which continues a prior meeting at which a quorum was not present for the adoption of resolution.

"Affiliate" of any specified Person means (a) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person (for the purposes of this definition, **"control"** when used with respect to any Person means the power to direct or cause the direction of the management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise) or (b) any other Person who is a director, supervisory board member or officer of such specified Person, or of any Subsidiary of such specified Person or of any other Person described in (a).

"Bondholder" means the investor, as such term is defined in the Dematerialized Securities Law.

"Business Day" means any day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business (including in foreign exchange) in Tbilisi.

"Cash Equivalents" means:

- (a) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union on 31 December 2003,

the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union, the United States of America, Switzerland or Canada, as the case may be, having maturities of not more than twelve months from the date of acquisition and which are not callable or redeemable at the Issuer's option;

(b) any investment in securities issued by or guaranteed by the government of Georgia or the National Bank of Georgia listed on [a "recognized stock exchange of a foreign country" (as set forth under Georgian law)] up to a limit of U.S.\$50 million (or an equivalent amount in any other currency or currencies) at any time provided that such securities are rated [●] by Moody's or [●] by S&P or higher or the equivalent rating category of another internationally recognized rating agency;

(c) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers' acceptances (and similar instruments) having maturities of not more than twelve months from the date of acquisition thereof issued by any commercial bank provided that either (i) the long term debt of such bank is rated at the time of acquisition thereof at least "A+" or the equivalent thereof by S&P, or "A1" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognised rating agency, and having combined capital and surplus in excess of U.S.\$250 million (or the foreign currency equivalent thereof as of the date of such investment) or (ii) such bank has its primary registration in a jurisdiction in which the Issuer or a Restricted Subsidiary conducts its business or is organized and which (x) would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top ten such banks registered in such jurisdiction and (y) the long term debt of such bank is rated at the time of acquisition at least "B1" by Moody's or "B+" by Fitch;

(d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above;

(e) commercial paper having one of the two highest ratings obtainable from S&P or Moody's, or carrying an equivalent rating by an internationally recognised rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and

(f) interests in any investment company or money market fund the assets of which consist of at least 95% or more of Cash Equivalents of the type referred to in clauses (a) through (d) above.

"Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalised on a balance sheet prepared in accordance with IFRS, and the Stated Maturity Date thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid or terminated by the lessee without payment of a penalty.

"Capital Stock" means:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or, membership interests; and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities

convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Consolidated EBITDA" means, without duplication, the Consolidated Net Income of the Issuer and its Subsidiaries for any period, *plus* the following to the extent deducted in calculating such Consolidated Net Income and without duplication with any other item excluded pursuant to the definition of Consolidated Net Income:

- (a) Consolidated Interest Expense;
- (b) Consolidated Income Taxes;
- (c) Consolidated depreciation expense;
- (d) Consolidated amortisation expense;
- (e) Consolidated foreign exchange gains or losses;
- (f) other non-cash charges (excluding share-based compensation), write-downs or items reducing Consolidated Net Income including, but not limited to, write-off of goodwill, loss on the sale of equipment or any other disposal of assets, provisions and recovery of provisions for asset impairment (excluding impairment charges of receivables), and inventory write-down, and any items classified by the Issuer as special, extraordinary, exceptional, unusual or nonrecurring items *less* other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period),

in each case, for such period on a consolidated basis determined in accordance with IFRS (including IFRS 16).

"Consolidated Income Taxes" means Taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"Consolidated Interest Expense" means, for any period (in each case, determined on the basis of IFRS but in any case, including IFRS 16), the consolidated net interest income/expense of the Issuer and its Subsidiaries, whether paid or accrued, including any pension liability interest cost, *plus* or including (without duplication) any interest, costs and charges consisting of:

- (a) amortisation of debt discount, debt issuance cost and premium;
- (b) non-cash interest expense;
- (c) commissions, discounts and other fees and charges owed with respect to financings not included in clause (b) above; and
- (d) dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Material subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income/(loss) of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS and without any reduction in respect of Preferred Stock dividends; *provided*, however, that there will not be included in such Consolidated Net Income:

- (a) any net gain (or loss) realised upon the sale or other disposition of any asset or disposed operations of the Issuer or any Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an officer or the Board of Directors of the Issuer);

- (b) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value of changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (c) the impact of capitalised, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;
- (d) any foreign currency, gains and losses;
- (e) any income or profit taxes; and
- (f) any other non-recurring expenses not covered by (a) through (e) above.

"Consolidated Net Leverage" means, with respect to any specified Persons and as at any date of determination, an amount equal to (and without duplication) the aggregate of (a) Indebtedness of the specified Person and its Subsidiaries on a consolidated basis as calculated in accordance with the then most recently available consolidated financial statements of such Person prepared in accordance with IFRS, less (b) the aggregate cash and Cash Equivalents of such Person and its Subsidiaries on a consolidated basis in accordance with IFRS (other than cash and/or Cash Equivalents which are the proceeds of Indebtedness incurred on the date of determination in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made), less (c) marked-to-market value of internationally listed fixed income securities on the Issuer's balance sheet rated equal or better than S&P "BB" (or equivalent) with remaining tenor of less than 6 (six) months.

"Consolidated Net Leverage Ratio" means, with respect to any specified Person and as at any date of determination, the ratio of Consolidated Net Leverage of such Person on such date to Consolidated EBITDA of such Person for the most recent 4 (four) consecutive fiscal quarters for which consolidated financial statements for the specified Person (prepared in accordance with IFRS) are publicly available (or are made available) immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued, as the case may be. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary course working capital borrowings) or issues, repurchases or redeems Preferred Stock subsequent to the commencement of the period for which the Consolidated EBITDA is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "**Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

- (a) acquisitions of businesses or assets that have been made by the specified Person or any of its Subsidiaries, including through mergers, consolidations, amalgamations or other business combinations and including any related financing transactions during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (or that are to be made on the Calculation Date), will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA and Consolidated Net Leverage for such reference period will be calculated on a pro forma basis in accordance with IFRS;
- (b) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (c) any Person that is a Subsidiary on the Calculation Date will be deemed to have been a Subsidiary at all times during such four-quarter period; and

(d) any Person that is not a Subsidiary on the Calculation Date will be deemed not to have been a Subsidiary at any time during such four-quarter period.

For the purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Income, pro forma calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer. Notwithstanding anything else in these Conditions, in determining the Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of the incurrence of which the calculation of the Consolidated Net Leverage Ratio is to be made.

"Consolidated Total Assets" or "Consolidated Assets" means, with respect to any specified Person and as at any date of determination, the consolidated total assets of such Person and its consolidated Subsidiaries, shown in the most recently available consolidated accounts prepared by such Person in accordance with IFRS.

"Control" means the power to direct the management, the policies and the business of the Issuer, whether through the ownership of share capital, by contract or otherwise ("Controlled" being constructed accordingly).

Covenant Compliance Certificate means certification from the Chief Financial Officer of the Issuer addressed to Bondholders, confirming that as at the date of the latest available financial statements, financial ratios specified in sections Guarantor Coverage Requirement, Maintenance Covenants, and Interest Step-Up have been satisfied and containing the calculations.

"Deferred Placement Date" means any date after the Bond Issue Date until the end of the Offering Period when the Bond is issued at the Deferred Placement Price.

"Deferred Placement Price" means nominal value of the Bond plus interest accrued from the Bond Issue Date to the Deferred Placement Date.

"Dematerialized Securities Law" means Law of Georgia on Possession of Dematerialized Securities, adopted on 16 November 2023, as amended from time to time.

"Disqualified Stock" means Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 6 (six) months after the date on which the Bonds mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Condition 5(g) (Restricted Payments).

"EBIT" means earnings before interest and taxes.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Event of Potential Default" means the occurrence of an event or circumstance that would, with the giving of notice, lapse of time and/or issue of a certificate, become an Event of Default.

"Fair Market Value" of a transaction means the value that would be obtained in an arm's length commercial transaction between an informed and willing seller (under no undue pressure or compulsion to sell) and an informed and willing buyer (under no undue pressure or compulsion to buy). A report of the Independent Appraiser of the Fair Market Value of a transaction may be relied upon by the Bondholders' Representative without further enquiry or evidence.

"Fiscal Period" means any fiscal period for which the Issuer has produced consolidated or individual financial statements in accordance with IFRS.

"Governing Law" means the laws of Georgia.

"Group" means the Issuer and its Subsidiaries that are consolidated at the group level in the financial statements of the Issuer.

"GSE" means the Georgian Stock Exchange JSC.

"Guarantee" means the payment of principal and interest in respect of the Bonds and all other moneys payable by the Issuer which has been unconditionally and irrevocably guaranteed by the Guarantors on a joint and several basis in accordance with the Guarantee Agreement (the **"Guarantees"** and each a **"Guarantee"**).

"Guarantor" means any of the following: JSC Vian (I/N: 402295716), JSC Evex (I/N: 405670000), JSC Georgia Clinics (I/N: 404476205), JSC Mega-Lab (I/N: 405211319), LLC Caucasus Medical Center (I/N: 404925747), LLC Vian Logistics (I/N: 405085161), LLC West Georgia Medical Center (I/N: 212841424), JSC Ekimo (I/N: 402199599), and any Subsidiaries that become Guarantors in accordance with the Guarantor Coverage Requirement set forth in Condition [5(m)].

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(a) currency exchange, interest rate or commodity swap agreements, currency swap, interest rate or commodity cap agreements, currency exchange, interest rate or commodity collar agreements and foreign exchange contracts or futures contracts;

(b) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(c) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"IFRS" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended and supplemented from time to time).

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables, and without duplication):

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments;

(c) representing reimbursement obligations in respect of letters of credit, bank guarantees, guarantees, banker's acceptances or similar instruments (except to the extent any such reimbursement obligations relate to trade payables), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness. For avoidance of any doubt, such instruments shall not include off-balance sheet liabilities;

(d) representing any Hedging Obligations;

(e) any amount raised under any other transaction (including without limitation any forward sale or purchase agreement) having the economic or commercial effect of a borrowing, and the amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above;

(f) all Indebtedness of others secured by a Lien on any asset of the specified Person, whether or not such Indebtedness is assumed by the specified Person (provided, however, that the amount of such Indebtedness will be the lesser of (i) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Issuer) and (ii) the amount of such Indebtedness of such other Persons), and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person; or

(g) Representing Lease Obligation according to IFRS 16;

provided that the foregoing items in subparagraphs (a)-(g) of indebtedness shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS. For the avoidance of doubt, the aggregate amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be equal to the total amount of funds actually borrowed/drawn down under a revolving credit or similar facility and then outstanding.

The term "Indebtedness" shall not include:

(a) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes;

(b) in connection with the purchase by the Issuer or any Material Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 (thirty) days thereafter;

(c) deposits or prepayments received by the Issuer or a Material Subsidiary for services or products to be provided or delivered; or

(d) Subordinated Shareholder Funding; or

(e) Purchasing or redemption of the Bonds by, on behalf of, or for the benefit of the Issuer and/or Subsidiaries.

"Initial Bondholder" means a Bondholder who acquires the Bonds during the initial public offering.

"Independent Appraiser" means an audit firm or third-party expert in the matter to be determined and selected by the Issuer and (i) representing any of the Big 4 Accounting Firms (Deloitte & Touche, Ernst & Young, KPMG or PricewaterhouseCoopers and their member firms and affiliates), or (ii) subject to the approval of the Bondholders' Representative, any other audit firm or third-party expert, provided that it is not an Affiliate of the Issuer.

"Institutional Investor" for the purposes of this Prospectus means commercial banks, credit and/or financial institutions, insurance companies, pension agencies, pension funds, asset management organizations/companies, investment funds, operating and/or functioning with the relevant license or permit in Georgia and/or abroad, and international financial institutions. The list of international financial institutions is defined by the Government of Georgia Resolution No. 198 dated 21 February 2014 (On the Approval of the List of International Financial Institutions) approving the "List of International Financial Institutions".

"Immovable Property Owners" means the following companies: LLC Western Georgia Medical Center (Reg. No.: 212841424), JSC Viani (Reg. No.: 402295716), LLC Caucasus Medical Center (Reg. No.: 404925747), JSC Kutaisi Regional Maternal and Child Healthcare Diagnostic Center (Reg. No.: 212674738), JSC Georgia Clinics (Reg. No.:

404476205), LLC Tskaltubo District Hospital (Reg. No.: 221269963), and JSC Georgia Healthcare Group (Reg. No.: 405746634).

"Issue Date" means the date when the Bonds are issued, as indicated in the Term Sheet.

"Loan Obligations" mean, at any given time, all indebtedness and/or obligations (excluding accrued expenses and trade payables, and without duplication) of any Person towards any party, arising from amounts borrowed by such Person from a licensed commercial bank and/or credit institution in Georgia and/or abroad.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement or anything analogous to any of the foregoing under the laws of any jurisdiction.

"Material Adverse Effect" means a material adverse change in, or material adverse effect on, (a) the business, properties, condition (financial or otherwise), results of operations or prospects of the Issuer or the Group (b) the Issuer's and/or the Guarantors' ability to perform their obligations under the Bonds or Guarantees (c) the validity or enforceability of Bonds, or Guarantees.

"Material Subsidiary" means any Subsidiary of the Issuer which meets any of the following conditions:

(a) proportionate share of the Consolidated Total Assets (after intercompany eliminations and determined in accordance with IFRS) of such Subsidiary exceeds 5% (five percent) of the Consolidated Total Assets of the Issuer and its Subsidiaries as of the end of the most recently completed financial year; or

(b) the consolidated income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Subsidiary exceeds 5% (five percent) of such Consolidated EBITDA of the Issuer and its Subsidiaries for the most recently completed financial year; or

(c) it is a Subsidiary to which is transferred substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (with effect from the date of such transaction); or

(d) it is a Guarantor.

"Maturity Date" means the date set forth under the Term Sheet when the Issuer shall redeem the Bonds at their principal amount together with any accrued and unpaid interest;

"Movable Property Owners" means the following companies: LLC Caucasus Medical Center (I/N: 404925747), JSC Viani (I/N: 402295716), LLC Western Georgia Medical Center (I/N: 212841424), JSC Kutaisi Regional Maternal and Child Healthcare Diagnostic Center (I/N: 212674738), and JSC Georgia Clinics (I/N: 404476205).

"Parent" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date, resulting in such Person possessing the direct or indirect power to direct or cause the direction of the management and policies of the Issuer, whether through ownership of voting securities, by contract or otherwise.

"Permitted Lien" means:

(a) Liens in existence on the Issue Date, provided that Indebtedness secured by such Liens is repaid in full within 20 Business Days of the Issue Date, and the related Liens are discharged promptly thereafter;

(c) Liens securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer or a Subsidiary of the Issuer or becomes a Subsidiary of the Issuer, provided that such Liens (i)

were not created in contemplation of such merger or consolidation or event; and (ii) do not extend to any assets or property of the Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Subsidiaries (if any));

(d) Liens already existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, provided that such Liens were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(f) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its business for the purpose of netting debit and credit balances, provided that such Liens do not encumber consolidated Property and Equipment of the Issuer;

(g) any Liens upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Liens or having the benefit of such Liens, are to be discharged solely from such assets or revenues, provided that the aggregate value of assets or revenues subject to such Liens when added to the aggregate value of assets or revenues does not, at any such time, exceed 10% (ten percent) of the Issuer's assets, determined by reference to the consolidated balance sheet of the Group prepared in accordance with IFRS as at the end of the most recent IFRS Fiscal Period, provided that such Liens do not encumber Property and Equipment;

(h) Liens upon, or with respect to, any present or future assets or revenues or any part thereof which is created pursuant to any Repo transaction, provided that such Liens do not encumber consolidated Property and Equipment of the Issuer;

(i) Liens arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market relating to interest rate and foreign currency hedging operations;

(j) any Liens arising by operation of law and in the ordinary course of business including tax and other non-consensual Security Interests;

(k) any Lien over the Secured Property securing the claims of the Bondholders; and

(l) any Liens not otherwise permitted by the preceding subparagraphs (a) to (j), inclusive, provided that the aggregate book value of Property and Equipment that are subject to such Liens, together with those encumbered under subparagraphs (a) to (j), does not exceed 10% (ten percent) of the Group's consolidated Property and Equipment, in each case determined by reference to the most recent consolidated balance sheet of the Group prepared in accordance with IFRS.

"Person" means any natural or legal person, corporation, firm, partnership, joint venture, association, trust, institution, organization or state entity, whether or not having separate legal personality.

"Preferred Stock" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated), which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Prohibited Persons" means any person, organisation or vessel (i) designated on the OFAC list of Specially Designated Nationals and Blocked Persons, the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions, or the Consolidated List of Financial Sanctions Targets maintained by Her Majesty's Treasury, or on any list of targeted persons issued by an Agency administering Sanctions; (ii) that is, or is part of, a government of a Sanctioned Country; (iii) owned or controlled by, or acting on behalf of, any of the foregoing; (iv) located within or operating from a Sanctioned Country; or (vi) who has entered into any transaction or

engaged in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter.

“**Prospectus**“, „**Preliminary Prospectus**“, “**Final Prospectus**“, “**Term Sheet**“, “**Final Term Sheet**“, “**Preliminary Term Sheet**“, “**offering**” (same as public offering) and any other terms not specifically defined herein shall have the definitions attributed to them under the Securities Legislation.

“**Redemption Premium**“, in respect of any Bonds redeemed pursuant to Condition 7(d) (*Optional Redemption*), means, at any redemption date, the amount equal to the difference between: (i) the present value at the Call Settlement Date of the scheduled interest payments on such Bonds that would otherwise be payable from (but excluding) the Call Settlement Date to the specified redemption date of the Bonds (excluding accrued but unpaid interest up to the redemption date), calculated by discounting such payments at a rate equal to the TIBR (Tbilisi Interbank Interest Rate) plus 200 basis points as of the Call Settlement Date, plus the total nominal amount of such Bonds calculated by the Issuer or any person appointed by the Issuer as of the Call Settlement Date; and (ii) the total nominal amount of the Outstanding/unredeemed Bonds as calculated by the Issuer or any person appointed by the Issuer as of the Call Settlement Date, provided that if at any time the Redemption Premium amount would otherwise be less than zero, the Redemption Premium shall be deemed to be zero. For the avoidance of doubt, the calculation of the Redemption Premium shall not constitute a duty or obligation of the Depository or any Calculation Agent.

“**Repo**“ means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities lending or rental agreement or any agreement relating to securities which is similar in nature to any of the foregoing.

“**Restricted Payment**“ has the meaning given to it in Condition 5(g) of the Terms and Conditions.

“**Sanctioned Country**“ means a country, region or territory that is the subject or the target of Sanctions, including, without limitation, Crimea, Cuba, Iran, Myanmar, North Korea, South Sudan, Sudan, Syria and Sevastopol.

“**Sanctions**“ means any sanctions or other similar restrictive measures administered and/or enforced by the United States government, the United Nations, the European Union (or any of its member states), the United Kingdom or any other equivalent governmental or regulatory authority, institution or agency that administers economic, financial or trade sanctions, or the respective governmental institutions and agencies of any of the foregoing, including, without limitation, OFAC, the United States Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”, the United States Department of Commerce, the United Nations Security Council and Her Majesty’s Treasury.

“**Secured Property**“ means the Immovable Property owned by the Immovable Property Owners and the Movable Property owned by the Movable Property Owners encumbered in favour of the Bondholders under the Mortgage Agreement and the Pledge Agreement, respectively.

“**Securities Market Law**“ means the law of Georgia on Securities Market, adopted on 24 December 1998 as amended from time to time.

“**Securities Legislation**“ means defined term “Legislation on Securities” under the **Securities Market Law**.

“**Stated Maturity Date**“ or “**Maturity Date**“ means, with respect to any instalment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the first date it was incurred in compliance with the terms of these Terms and Conditions, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof. In terms of Bonds, the agreed Maturity Date of payment of principal amount and accrued and unpaid interest (if any) is determined by the Term Sheet.

"Subordinated Shareholder Funding" means any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Equity Interests, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Equity Interests issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

- (a) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity Date of the Bonds (other than through conversion or exchange of such funding into Equity Interests (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);
- (b) does not require, prior to the first anniversary of the Stated Maturity Date of the Bonds, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (c) contains no change of Control or similar provisions and does not accelerate and has no right to declare a Default or Event of Default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity Date of the Bonds;
- (d) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries;
- (e) does not contain any covenants (financial or otherwise) other than a covenant to pay such Subordinated Shareholder Funding at maturity; and
- (f) pursuant to its terms or other agreement, is fully subordinated and junior in right of payment to the Bonds and the Guarantees pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding;

For the avoidance of doubt, such Subordinated Shareholder Funding should be fully subordinated to the Bonds in right of payment and liquidation, and no payments on such subordinated funding shall be made unless and until the Bonds have been irrevocably and fully repaid and discharged.

"Subsidiary" means, in relation to any Person (the "First Person"), any other Person (the "Second Person") (a) whose affairs and policies the First Person directly or indirectly Controls or (b) as to whom the First Person owns directly or indirectly more than 50% (fifty percent) of the capital, voting share or the share.

"Tax" means any tax, duty, impost or other similar charge, no matter which jurisdiction arising in (including fines and penalties thereon) and no matter how levied.

"Outstanding" refers to the Bonds that have been placed but have not been repaid, redeemed, repurchased or revoked/voided to the date originally scheduled for the payment, or matured according to these "Terms & Conditions", and to those Bonds which are not beneficially held by or on behalf of the Issuer and/or any of its Subsidiaries for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Bondholders, (ii) the determination of how many Bonds are outstanding for the purposes of Condition 11 (*Meetings of Bondholders, Modification and Waiver*), and (iii) the exercise of any discretion, power or authority whether contained in the Conditions, the Agreement, the Guarantee Agreement, the Pledge Agreement, the Mortgage Agreement or provided by law which the Bondholders' Representative is required, expressly or impliedly, to exercise in or by reference to the interests of the Bondholders.

“**Account Provider**” is each of JSC Galt and Taggart (I/N: 211359206) and TBC Capital LLC and the Depository and any other financial institution that, under the laws of Georgia, is entitled to open and provide a securities account for the Bondholder as its client.

“**Depository**” is JSC Georgian Central Securities Depository (Identification Number: 204935400).

“**Subscribing Investor**” is an investor whose expression of interest on the purchase of the Bonds has been satisfied and the decision on the satisfaction of such interest has again been confirmed by the investor, in accordance with the rule established in this Prospectus.

“**Georgia Capital PLC**” („GCAP“) means Issuer’s 100% ultimate parent and indirect owner, listed on the London Stock Exchange .

16. Severability

The invalidity or unenforceability of any provision of these Terms and Conditions shall not affect the validity or enforceability of the remaining provisions. If the scope of any provision of these Terms and Conditions is too broad to permit enforcement, such provision shall be enforced to the maximum extent permissible under applicable law.

17. GOVERNING LAW AND JURISDICTION

(a) **Governing Law:** The Prospectus and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Georgian law.

(b) Arbitration:

Any dispute, controversy or claim arising out of or in connection with this Prospectus and/or the Bonds, including a dispute regarding the existence, validity, interpretation, performance, breach or termination of this Prospectus and/or the Bonds or a dispute regarding any non-contractual obligation arising out of or in connection with this Prospectus and/or the Bonds, shall be referred to and finally resolved by arbitration under the London Court of International Arbitration (the “**LCIA**”) Rules. The seat, or legal place, of arbitration shall be London. The language to be used in the arbitral proceedings shall be English.

This Condition 16(b) (the arbitration agreement) shall be governed by and construed in accordance with the laws of England and Wales.

(ii) The Issuer waives any rights under the Arbitration Act 1996 or otherwise to seek determination of a preliminary point of law by, or appeal any arbitration award to, the courts of England.

(iii) Notwithstanding any provisions to the contrary of the LCIA Rules or the Arbitration Act 1996, the Issuer agrees that it shall not seek from the arbitral tribunal, or any emergency arbitrator or judicial authority, any interim or conservatory measures, emergency relief or other pre-award relief or any post-award interim relief against the Bondholders. Neither the arbitral tribunal nor an emergency arbitrator shall be authorised to grant any such relief sought by the Issuer against the Bondholders.

(c) **Waiver of immunity:** To the extent that the Issuer or any of its assets has (on the date of issue of the Bonds), or thereafter may acquire, any right to immunity from set-off, legal proceedings, attachment prior to judgement, other attachment or execution of judgement on the grounds of sovereignty or otherwise, the Issuer hereby irrevocably waives any such right to immunity and any similar defence, and irrevocably consents to the giving

of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever of any order, award or judgment made or given in connection with any proceedings.

(d) Agent for Service of Process: The Issuer irrevocably appoints Georgia Capital plc as its agent in England to receive service of process in any proceedings in England. If for any reason such agent shall cease to be such agent for service of process, the Issuer shall appoint a new agent for service of process in England and deliver to the Bondholders' Representative a copy of the new agent's acceptance of that appointment within 30 days.

TAXATION OF BONDS IN GEORGIA

The following is a general description of certain material Georgian tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers as to acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws. This overview is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds.

Withholding Tax on Interest

The interest paid on Bonds to resident individuals and non-resident legal entities or physical persons (unless it is linked to a non-resident's permanent establishment in Georgia) is exempt from income and profit tax, provided that Bonds are debt securities issued by the Georgian resident legal entity through a public offering in Georgia before 1 January 2026, and are traded on a recognised organized market recognised by the National Bank of Georgia (the “NBG”).

[As of the date of these Terms and Conditions, the JSC Georgian Stock Exchange and JSC Tbilisi Stock Exchange are acknowledged as a recognized organized markets by the NBG.]

Interest received by a residence legal entity (excluding banking institutions, credit unions, microfinance organizations, loan provider) will be included in the entity's profit and will be subject to a 15% profit tax after the distribution of the profit.

Interest earned by banking institutions, credit union, microfinance organization, and loan provider will be included in the gross taxable income and after the permitted deductions will be subject to profit tax at the rate of 20%.

Taxation Sale of Bonds

The income (in general, positive difference between the initial purchase and subsequent sale price excluding interest accrued and unpaid before the supply of the bonds in cases envisaged by the tax legislation) received by resident individuals and non-residents (whether legal entities or physical persons) from the sale of Bonds is exempt from income and profit tax (unless it is linked to a non-resident's permanent establishment in Georgia), provided that Bonds are debt security issued by the Georgian resident through a public offering in Georgia and traded on an organized market recognised by the NBG.

Georgian resident legal entity (excluding banking institutions, credit unions, microfinance organizations and loan provider) is required to pay a profit tax at a rate of 15% on the profit realized from the sale of Bonds after the distribution of the profit.

The income received by a banking institution, credit union, microfinance organization, and loan provider from the sale of Bonds will be included in the gross taxable income and after the permitted deductions will be subject to profit tax at the rate of 20%.

Tax on Payment of Principal

The principal amount received by the Bondholders on redemption of the Bonds shall not be treated as their taxable income and, therefore, shall not be subject to taxation in Georgia provided that the redemption price at maturity does not exceed the original issue price.

Value Added Tax

Sales (supply) of the Bonds are exempt from Value Added Tax in Georgia.

DEED OF ACCESSION FOR THE MORTGAGE AGREEMENT

This agreement (the “**Assignment Agreement**” or the “**Deed**”) has been made and entered into on [●] by and between the following parties:

[●] (*the identification details to be included*) (the “**Assignor**”); and

[●] (*the identification details to be included*) (the “**Assignee**”)

(the Assignor and the Assignee shall collectively be referred to as the “**Parties**” and individually – as the “**Party**”).

All terms not otherwise defined herein shall be used with the meaning given to them under the Prospectus and the Mortgage Agreement (as defined below).

RECITALS:

Whereas, the Assignor purchased secured Bonds with the principal amount of [●] issued by **Georgia Healthcare Group JSC** based on the Prospectus dated [●] 2025 (the “**Prospectus**”), and accordingly, became a party to the Mortgage Agreement dated [●] (the “**Mortgage Agreement**”),

Whereas, the Assignor intends to assign and the Assignee agrees to accept the rights and obligations in relation to [●] Bonds with the principal amount of [●] and respective entitlements under the Mortgage Agreement based on the terms of the latter,

Therefore, intending to be bound, the Parties hereto agree as follows:

1. The Assignee agrees and the Assignor hereby assigns all of its rights, obligations and liabilities, as determined under the Prospectus (Terms and Conditions of the Bonds) and the Mortgage Agreement;
2. The Assignee hereby consents that it shall be bound by the terms of the Prospectus, as well as the Mortgage Agreement and respective undertakings of the Assignor without any modifications;
3. The Parties hereby declare that all sums and receivables arising out or in connection with the Bonds commencing from the date of this Agreement shall be transferred to the Assignee. Such entitlement of the Assignee persists in case Central Securities Depository makes payment to the Assignor due to the failure of the Parties to timely notify the Issuer and the Central Securities Depository on the fact of assignment;
4. This Assignment Agreement shall be governed and construed in line with the effective legislation of Georgia;
5. This Assignment Agreement is subject to registration at the Public Registry to affect due registration of the Assignee as a successor of the Assignor with regard to the rights and obligations of the latter *vis-a-vis* the Mortgage Agreement. Notwithstanding hereof, the Assignee and the Assignor shall jointly and without unreasonable delay notify the Issuer, the Central Securities Depository and the Account Providers.

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6. Except as otherwise provided herein, all terms and conditions of the Mortgage Agreement and Bonds shall remain effective with respect to the Assignee and the latter shall be bound to comply with the terms thereof without any modification or alteration;
7. We confirm that the obligations and arrangements stated in this Deed are acknowledged and accepted by the Assignee and the Assignor and as a token of our acceptance we affix our signature(s) below:

For and on behalf of the Assignor: Signature _____ Name: Title: Date:	For and on behalf of the Assignee: Signature _____ Name: Title: Date:
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DEED OF ACCESSION FOR THE PLEDGE AGREEMENT

This agreement (the “**Assignment Agreement**” or the “**Deed**”) has been made and entered into on [●] by and between the following parties:

[●] *(the identification details to be included)* (the “**Assignor**”); and

[●] *(the identification details to be included)* (the “**Assignee**”)

(the Assignor and the Assignee shall collectively be referred to as the “**Parties**” and individually – as the “**Party**”).

All terms not otherwise defined herein shall be used with the meaning given to them under the Prospectus and the Pledge Agreement (as defined below).

RECITALS:

Whereas, the Assignor purchased secured Bonds with the principal amount of [●] issued by **Georgia Healthcare Group JSC** based on the Prospectus dated [●] 2025 (the “**Prospectus**”), and accordingly, became a party to the Pledge Agreement dated [●] (the “**Pledge Agreement**”),

Whereas, the Assignor intends to assign and the Assignee agrees to accept the rights and obligations in relation to [●] Bonds with the principal amount of [●] and respective entitlements under the Pledge Agreement based on the terms of the latter,

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Therefore, intending to be bound, the Parties hereto agree as follows:

8. The Assignee agrees and the Assignor hereby assigns all of its rights, obligations and liabilities, as determined under the Prospectus (Terms and Conditions of the Bonds) and the Pledge Agreement;
9. The Assignee hereby consents that it shall be bound by the terms of the Prospectus, as well as the Pledge Agreement and respective undertakings of the Assignor without any modifications;
10. The Parties hereby declare that all sums and receivables arising out or in connection with the Bonds commencing from the date of this Agreement shall be transferred to the Assignee. Such entitlement of the Assignee persists in case Central Securities Depository makes payment to the Assignor due to the failure of the Parties to timely notify the Issuer and the Central Securities Depository on the fact of assignment;
11. This Assignment Agreement shall be governed and construed in line with the effective legislation of Georgia;
12. This Assignment Agreement is subject to registration at the Public Registry to affect due registration of the Assignee as a successor of the Assignor with regard to the rights and obligations of the latter *vis-a-vis* the Pledge Agreement. Notwithstanding hereof, the Assignee and the Assignor shall jointly and without unreasonable delay notify the Issuer, the Central Securities Depository and the Account Providers.
13. Except as otherwise provided herein, all terms and conditions of the Pledge Agreement and Bonds shall remain effective with respect to the Assignee and the latter shall be bound to comply with the terms thereof without any modification or alteration;
14. We confirm that the obligations and arrangements stated in this Deed are acknowledged and accepted by the Assignee and the Assignor and as a token of our acceptance we affix our signature(s) below:

<p>For and on behalf of the Assignor:</p> <p>Signature _____</p> <p>Name:</p> <p>Title:</p> <p>Date:</p>	<p>For and on behalf of the Assignee:</p> <p>Signature _____</p> <p>Name:</p> <p>Title:</p> <p>Date:</p>
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